

REPUBLIC OF KENYA

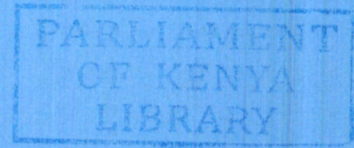


Enhancing Accountability

PAPERS LAID

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REPORT



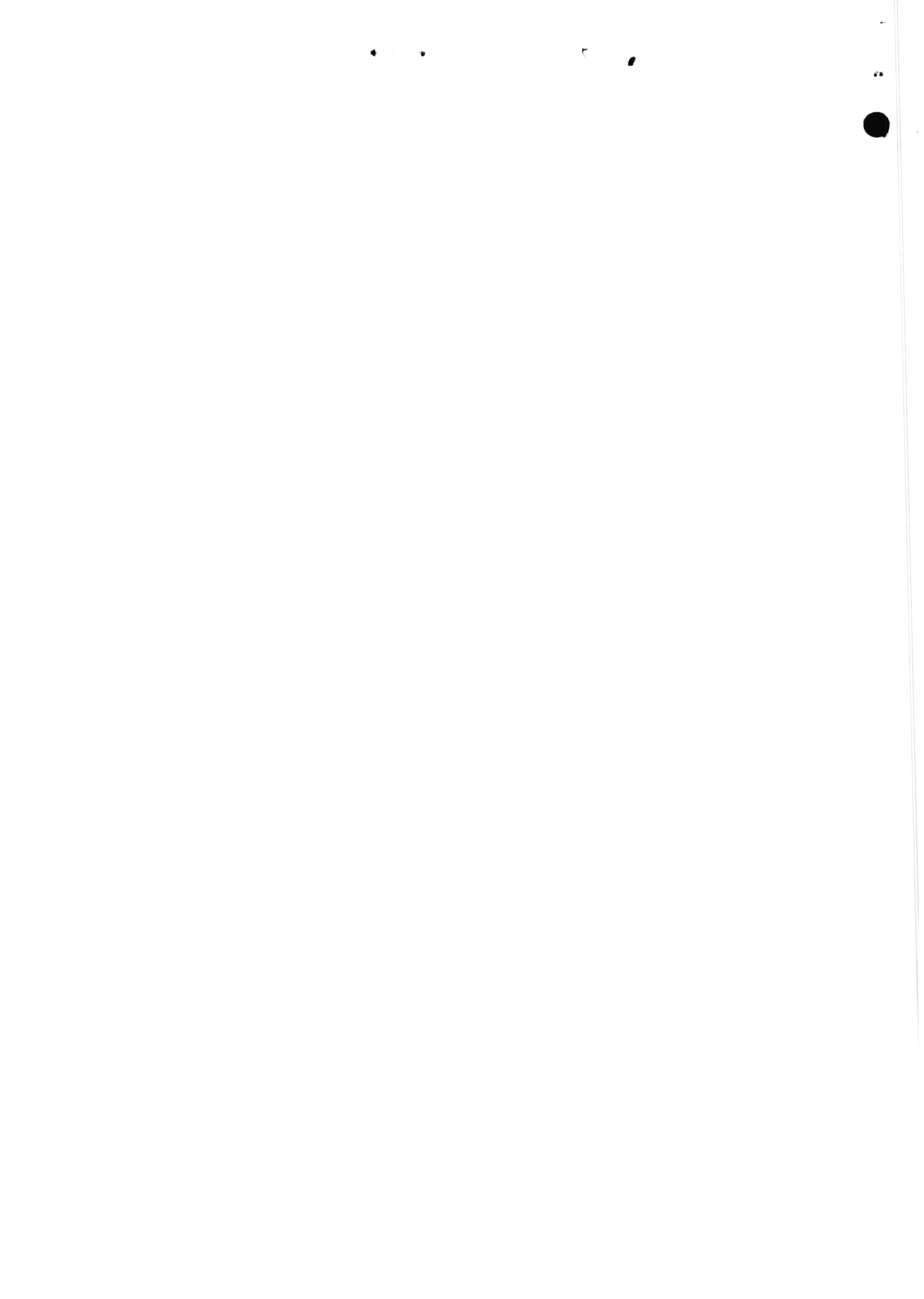
OF

THE AUDITOR-GENERAL

ON

**ELGEYO MARAKWET COUNTY EXECUTIVE
CAR AND MORTGAGE REVOLVING FUND**

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





COUNTY GOVERNMENT OF ELGEYO MARAKWET

**ELGEYO MARAKWET COUNTY EXECUTIVE CAR & MORTGAGE
REVOLVING 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)



**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

1. Key Entity Information and Management

a) Background information

Elgeyo Marakwet County Executive Car and Mortgage Fund is established by and derives its authority and accountability from The Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act, 2015 on 6th March, 2015. The Fund is wholly owned by the County Government of Elgeyo Marakwet and is domiciled in Kenya.

The fund's objective 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

b) Principal Activities

The fund's objective 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	Name	Position
1	Chairperson of the Fund	Anne Kibosia
2	Vice Chairperson	Kevin Biwott
3	Chief Officer Finance	Nixon Chang'kwony
4	Committee Member	Kevin Biwott
5	Committee Member	Shadrack Yatich
6	Committee Member	Leah Pamela Rono
7	Fund Manager/ Administrator	JohnKeen Murkeu Jairo

d) Key Management

Ref	Name	Position
1	Fund Manager/ Administrator	JohnKeen Murkeu Jairo
2	Chief office Finance	Nixon Chang'kwony
3	Fund Accountant	David Chebii

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

e) Registered Offices

P.O. Box 220-30700
Elgeyo Marakwet County Building, Iten Town
Iten-Kabarnet Road
Iten, Kenya

f) Fund Contacts

Telephone: 053-4142277
E-mail: elgeyomarakwet.go.ke
Website: www.elgeyomarakwet.go.ke

g) Fund Bankers

Access Bank Ltd
P.O. Box 34353-00200
Nairobi

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




**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

2. Fund Administration Committee

Ref	Name	Details of qualifications and experience
1	Ann Kibosia 	Date of Birth: 10-11-1968 Qualification: Master of Arts in Governance and Ethics, BED (Arts) Experience: 30 years in various fields Position: Chairperson
2	Kevin Biwott 	Date of Birth: 10-01-1988 Qualification: MBA-Strategic Management, CPA (K) Experience: 12 years Position: Vice Chairman/CECM –Finance & Economic Planning
3	Leah Pamela Rono 	Date of Birth: 1981 Qualification: Master of Science Human Resource management Experience: 14 years Position: Member
4	Shadrack Yatich 	Date of Birth: 25-8-1978 Qualification: MED- Planning and Administration Experience: 18 years in civil service Position: Member
4	Anita Toroitich 	Date of Birth: Qualification: Bachelor of Education Experience: 19 years in civil service Position: Member
5	JohnKeen Murkeu 	Date of Birth: 12-02-1969 Qualification: MBA-Finance, CPA (K) Experience: 30 years Position: Fund Administrator/Secretary

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

3. Management Team

	Name	Details of qualifications and experience
1.	<p>JohnKeen Murkeu</p> 	<p>Date of Birth:12-02-1969 Qualification: MBA-Finance, CPA (K) Experience: 30 years Position: Fund Administrator/Secretary</p>
2.	<p>Chang'wony M.Nixon</p> 	<p>Date of Birth:12-02-1978 Qualification: MBA,B.Com (Finance), CPA (K) Experience: 11 years Position: Chief Officer Finance</p>
3.	<p>David Chebii</p> 	<p>Date of Birth:1.11.1973 Qualification: MBA-Finance, CPA (K) Experience: 26 years Position: Fund Accountant</p>

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

4. Fund Chairperson's Report

The financial statements for County Executive Car & Mortgage Loan Revolving Fund for the FY 2021/22 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

The County Executive Car & Mortgage Revolving Fund operates County Executive Car & Mortgage Loan Revolving Fund Account No.018002/2000A00/1/0 at Access Bank Ltd.

During the year, total loan repaid amounted to sh. 63,788,230. Total loans advanced to members during the same period was Sh.5,952,000. The total outstanding loans (principal and interest) from members as at 30th June, 2022 amounted to Sh.59,442,120. The fund earned total interest of Sh.2,668,514 during the period compared to Sh.3,745,764 for the previous year. The fund had advanced loans to 57 members as at 30th June, 2022. The following Sixteen (16) members had cleared their loans as at 30th June 2022;

- 1 Stella Kirui Kiprono
- 2 Thomas Kipkemoy Rutto
- 3 Thomas Kiplagat Tuitoek
- 4 John K Cheboi
- 5 Boaz Changach
- 6 Ismael Chelanga
- 7 Netty Jemutai
- 8 Pius Yego Cheserek
- 9 Titus Aiyabei
- 10 Joseph Kiyeng
- 11 Kevin Biwott
- 12 Leah Pamela Rono
- 13 Edwin Kisang
- 14 David Kiprono
- 15 Isaac Kamar
- 16 Elizabeth Korir

The Loans to current CEC members whose term is ending in August, 2022 was capped to the governor's term of office and are expected to clear by July, 2022. The Fund committee is also making follow up on the non-performing loans from members who have since made a written loan repayment plan to clear the outstanding loans.

The available cashbook balance as at 30th June, 2022 amounts to sh. 63,750,108



.....
Hon. Ann Kibosia
Fund Chairperson -Elgeyo Marakwet County Executive Car & Mortgage Revolving Fund

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

5. Report of The Fund Administrator

The SRC in its circular reference *SRC/ADM/CIR/1/13 Vol. III (128)* dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers.

The financial statements for Car & Mortgage for the period ended 30th June, 2022 have been prepared in accordance to Section 167 of the Public Finance Management (PFM) Act 2012 which mandates the administrator of the fund.

During the year ended 30th June, 2022, Sh.5,952,000 was advanced to members. Total loan amounting to Sh.63,788,230 was recovered from members during the same period. The outstanding loans as at 30th June,2022 amounted to Sh.59,442,120 as indicated in note 12 of financial statements under long term receivables from exchange transactions. The Loan repayment schedule for the month of June,2022 is annexed to the financial statements (**Marked as Annex I**)

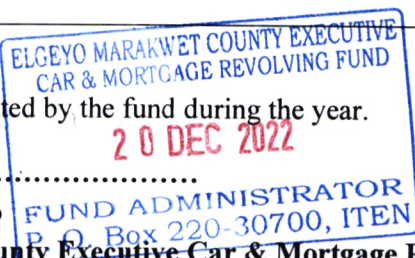
The total transfers from County government to the revolving fund from inception of the fund to 30th June, 2022 amount to Sh.120,000,000 as tabulated below;

Date	Source	Amount
24/03/2015	Transfer from EMC	45,000,000
23/06/2015	Transfer from EMC	25,000,000
10/10/2016	Transfer from EMC	24,000,000
28/9/2018	Transfer from EMC	26,000,000
	Total Ksh.	120,000,000

There were no reserves created by the fund during the year.


.....
John Keen Murkeu Jairo

Fund Administrator-County Executive Car & Mortgage Revolving Fund.



**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

6. 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 quarter, the Accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund principal purpose and objective is to;

- a) Provide loans to members of the County Executive to purchase vehicles
- b) Provide loans to members of the County Executive to purchase residential houses, develop, renovate or repair their residential property at a low interest rate of 3% pa.

Progress on attainment of Strategic objectives for Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund,

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
EMCE Revolving Fund – Housing Scheme	To purchase, develop, renovate and repair of residential property for occupation of members and staff and his or her immediate family	Increased access to descent housing	No. of members and staff accessing the loan	In the year, mortgage loans were advanced two (2) members.
Program	Objective	Outcome	Indicator	Performance
EMCE Revolving Fund – Car Loan Scheme	To purchase motor vehicles for members and staff for efficient transport	Increased efficient transport to office for hon. Members and staff	No. of members and staff accessing the loan	No loans for Car loans were advanced during the year

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

7. Corporate Governance Statement

For the overall management of the scheme, the Act established the Car and Mortgage Loans Management Committee. The Committee consists of;

- CECM-Public Service Management and ICT
- CECM- Public Works, Roads and Transport
- CECM-Finance and Economic Planning
- CECM-Youth, Sports Gender and Social Services
- CECM representing Trade and Tourism
- Chief Officer Finance and Finance and Economic

Clause 7 of The Elgeyo Marakwet County Executive Revolving Fund Act, 2015 establishes the Loan Management Committee. The committee performs the following functions among others: approves applications for loans in accordance with prescribed terms and conditions of borrowing; oversees the day-to-day running of the fund; oversees the implementation and carrying out policies formulated for the management and administration of the fund.

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

8. Management Discussion and Analysis

During the year ended 30th June, 2022, total loan amounting to Sh. 63,788,230 was recovered from members compared to Sh. 44,438,879 for previous year ended 30th June 2021.

During the year the fund received Interest income of Sh. 2,668,514 compared to Sh. 3,745,231 in the previous year. The long term exchange transactions decreased from Sh. 114,238,723 to Sh.59,442,120. The decrease was as a result of the requirement by the Act that members of County Executives had to clear their loans before end of tenure of office.

Sh.5,952,000 was advanced to members in the year ended 30th June,2022 compared to Sh. 31,679,706 advanced in the year ended 30th June 2022. The membership grew from 55 to 57 members out of which 16 had cleared their loans and discharged.

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

9. Report of the Fund Administration Committee

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

Principal activities

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

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 1 to 6

Fund committee

The members of the Fund Administration Committee who served during the year are shown on page iii (*refer to the key entity information and management page*). There were no changes in the Fund administration Committee during the financial year

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2022

By the County Executive Car and Mortgage Loan Management Committee



.....
Chair of the County Executive Car and Mortgage Fund

Date: 20th December, 2022

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

10. 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 Elgeyo Marakwet County Executive Car and Mortgage Fund established by Car & Mortgage Loan Revolving Fund As Established by Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act (EMCECMLERF), 2015 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 Executive Car and Mortgage Revolving Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Executive Car and Mortgage Revolving 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 Elgeyo Marakwet County Executive Car and Mortgage Fund established by the Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act (EMCECMLERF), 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

Approval of the financial statements

The Fund's financial statements were approved by the Fund on 20th December, 2022 and signed on its behalf by:

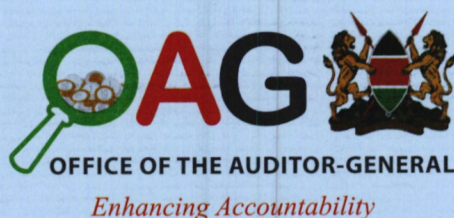


.....
Name: John Keen Murkeu Jairo



Administrator of the County Executive Car and Mortgage Revolving 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 ELGEYO MARAKWET COUNTY EXECUTIVE CAR AND MORTGAGE REVOLVING 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 control, 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 Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund set out on pages 1 to 37, which comprise

Report of the Auditor-General on Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund for the year ended 30 June, 2022

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, the financial statements present fairly, in all material respects, the financial position of the Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund as at 30 June, 2022 and 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 Elgeyo Marakwet County Executive Car and Mortgage Loan Revolving Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Elgeyo Marakwet County Executive Car and Mortgage Revolving 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 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 Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management had not resolved the issues or given any explanation for failure to resolve the 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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Unauthorized Expenditure - Fringe Benefit Tax (KRA)

The statement of financial performance reflects use of goods and services balance of Kshs.10,603,735. Included in this amount is expenditure described as other-fringe benefit tax (KRA) amount of Kshs.7,757,573 as disclosed in Note 7 to the financial statements paid to Kenya Revenue Authority on behalf of borrowers. However, the payment was made without an approved budget. This is contrary to Regulation 43(2) of the Public Finance Management (County Governments) Regulations, 2015, which states that county government entities shall execute their approved budgets based on the cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the County Emergency Fund, or supplementary estimates.

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

2. Non-Compliance with the Car and Mortgage Loan Fund Act, 2015

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.53,965,999 which includes an amount of Kshs.33,654,418 due from ten (10) beneficiaries who did not make any repayment during the year under review. Management has not made any provision for the non-performing loans in the financial statements. Review of records and documents revealed that the officers left the service of the County Government. The Fund Management Committee has not sold the charged vehicles or properties through a public auction to recover the outstanding loans. This is contrary to Section 29 of the Elgeyo Marakwet County Executive Car and Mortgage Loan Fund Act, 2015, which provides that upon default to repay the loan, the Car and Mortgage Loans Management Committee shall sell the charged car or property by public auction or private treaty in which event the Fund shall meet the shortfall between the loan outstanding and the proceeds of sale. Further, no documents were provided to confirm the loan holders secured insurance policies for mortgage protection and fire contrary to Section 20(1) of the Elgeyo Marakwet County Executive Car and Mortgage Loan Fund Act, 2015, which states that a borrower receiving a loan under this part shall take out and maintain a mortgage protection policy and fire policy with an insurance firm pre-qualified by the car and mortgage loans Management Committee.

In the circumstance, 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to 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

19 April, 2023

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

	Note	2021-2022 Kshs	2020-2021 Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
Revenue From Exchange Transactions			
Interest Income	4	2,668,514	3,745,231
Other Income	5	-	-
		-	-
Total Revenue		2,668,514	3,745,231
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	10,603,735	1,834,244
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		10,603,735	1,834,244
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For The Period		(7,935,221)	1,910,987

(The notes set out on pages 1 to 4 form an integral part of these Financial Statements)

.....
Name: John Keen Murkeu Jairo

Administrator of the Fund

ICPAK Member Number: 8112

.....
Name: David Chebii

Fund Accountant

ICPAK Member Number: 8088

ELGEYO MARAKWET COUNTY EXECUTIVE
CAR & MORTGAGE REVOLVING FUND
20 DEC 2022
FUND ADMINISTRATOR
P. O. Box 220-30700, ITEN


**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

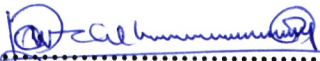
13. Statement of Financial Position As At 30 June 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	63,750,108	16,888,726
Current Portion of Long- Term Receivables From Exchange Transactions	12	5,476,121	4,228,531
Prepayments	13	-	-
Inventories	14	-	-
		-	-
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	53,965,999	110,010,192
		-	-
Total Assets		123,192,228	131,127,449
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	-	-
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		-	-
Net Assets		-	-
Revolving Fund		120,000,000	120,000,000
Reserves		-	-
Accumulated Surplus		3,192,228	11,127,449
Total Net Assets and Liabilities		123,192,228	131,127,449

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **20th December, 2022** and signed by:


.....
Name: John Keen Murkeu Jairo ✓
Administrator of the Fund
ICPAK Member Number: 81112


.....
Name: David Chebii
Fund Accountant
ICPAK Member Number: 8088



**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018	94,000,000	-	4,615,784	98,615,784
Surplus/(deficit) for the period	-	-	2,530,912	2,530,912
Funds received during the year	26,000,000	-	-	26,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	120,000,000	-	7,146,696	127,146,696
Balance as at 1 July 2019	120,000,000	-	7,146,696	127,146,696
Surplus/(deficit) for the period	-	-	2,069,766	2,069,766
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	120,000,000	-	9,216,462	129,216,462
Balance as at 1 July 2020	120,000,000	-	9,216,462	129,216,462
Surplus/(deficit) for the period	-	-	1,910,987	1,910,987
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	120,000,000	-	11,127,449	131,127,449
Balance as at 1 July 2021	120,000,000	-	11,127,449	131,127,449
Surplus/(deficit) for the period	-	-	(7,935,221)	(7,935,221)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	120,000,000	-	3,192,228	123,192,228

.....
Name: JohnKeen Murkeu Jairo

Administrator of the Fund

ICPAK Member Number: 8112

.....
Name: David Chebii

Fund Accountant

ICPAK Member Number: 8088



**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the county government	2	-	-
Fines, Penalties and Other Levies	3		
Interest received	4	2,668,514	3,745,231
Receipts from other operating activities	5	-	-
Total receipts		2,668,514	3,745,231
Payments			
Employee Costs	6	-	-
Use of goods and services	7	(10,603,735)	(1,834,244)
Depreciation and Amortization Expense	8		
Finance Costs	9		
Net cash flows from operating activities		(7,935,221)	1,910,987
Adjustment Net Decrease in Receivables		54,796,603	8,821,208
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	15	-	-
Proceeds from sale of property, plant & equipment	15	-	-
Proceeds from loan principal repayments	15	-	-
Loan disbursements paid out	15	-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		46,861,382	10,732,195
Cash and cash equivalents at 1 July 2021	11	16,888,726	6,156,531
Cash and cash equivalents at 30 June 2022	11	63,750,108	16,888,726

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

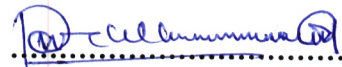
Note: The amount of Sh. 54,796,603 under adjustment for Decrease in receivables relate to decrease in long term Receivables from Exchange Transactions (*Note 12*)


.....

Name: JohnKeen Murkeu Jairo

Administrator of the Fund

ICPAK Member Number: 8112


.....

Name: David Chebii

Fund Accountant

ICPAK Member Number:8088



**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	-
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	5,000,000	-	5,000,000	2,668,514	2,331,486	53%
Other Income	-	-	-	-	-	-
Total Income	5,000,000	-	5,000,000	2,668,514	2,331,486	53%
Expenses						-
Employee Costs	-	-	-	-	-	-
Use of goods and services	5,000,000	-	5,000,000	10,603,735	(5,603,735)	212%
Finance Cost	-	-	-	-	-	-
Total Expenditure	5,000,000	-	5,000,000	10,603,735	(5,603,735)	212%
Surplus For The Period	-	-	-	(7,935,221)	-	

Budget notes

1. The Fund did not receive additional appropriations in the FY 2021/2022 budget. Loans were advanced to members from the loan repayments recovered during the year.
2. The amount of Sh.10,603,735 for use of goods include sh.7,757,573 paid to Commissioner of Domestic Taxes on Fringe Tax benefit assessment.

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

17. Notes to the Financial Statements

1. General Information

Elgeyo Marakwet County Executive Car and Mortgage Fund is established by and derives its authority and accountability from Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act (EMCECMLERF), 2015 Act. The entity is wholly owned by the County Government of Elgeyo Marakwet and is domiciled in Kenya. The entity's principal activity is to provide loans for the purchase of vehicles, house or land for development, renovation and repair of residential property by members of the scheme

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standards	Effective date and impact:
41, Financial Instruments	<p>omitted when IPSAS 41 was issued.</p> <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>
Other improvements to IPSAS	<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>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an</p>

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<p>Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></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>

(iii) Early adoption of standards

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

3. 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 29th June, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no additional appropriations added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations in 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 in the financial statements.

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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.

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

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

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

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

c) Provisions

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

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

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

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

The fund did not create reserves in terms of specific requirements during the year.

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.

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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 Elgeyo Marakwet County Executive Car & Mortgage Loan Revolving Fund Act (EMCEMLERF), 2015 under the County Government of Elgeyo Marakwet. Its ultimate parent is the County Government of Elgeyo Marakwet.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

6. Notes To The Financial Statements

1. Public contributions and donations

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

2. Transfers from County Government

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

3. Fines, penalties and other levies

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

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage Loans	2,668,514	3,745,231
Interest Income From Car Loans	-	-
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	2,668,514	3,745,231

The interest was from Car and mortgage loans advanced to members at 3% per month

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to the Financial Statements Continued

5. Other income

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

6. Employee Costs

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

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	2,837,200	1,826,900
Bank Charges	8,962	7,344
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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Description	2021/22	2020/21
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other –Fringe benefit Tax (KRA)	7,757,573	-
Total	10,603,735	1,834,244

8. Depreciation and Amortization Expense

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

9. Finance costs

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

10. Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
County Executive Car and mortgage account	63,750,108	16,888,726
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash And Cash Equivalents	63,750,108	16,888,726

(The amount agrees 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:

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Access Bank Ltd	0180012000224	63,750,108	16,888,726
Sub- Total		63,750,108	16,888,726
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		63,750,108	16,888,726

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	72,307	10,571
Current Loan Repayments Due	5,403,814	4,217,960
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	5,476,121	4,228,531
Non-Current Receivables		
Long Term Loan Repayments Due	53,965,999	110,010,192
Total Non- Current Receivables	53,965,999	110,010,192
Total Receivables From Exchange Transactions	59,442,120	114,238,723

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	2,596,207	3,379,443
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	72,307	365,788
Current loan repayments due		
Current portion of long-term loans from previous years	53,965,999	94,779,510
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	5,476,121	19,459,213

13. Prepayments

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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Total	-	-
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14. Inventories

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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Notes To The Financial Statements (Continued)

15. Property, plant and equipment

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Net Book Values					
At 30th June 2021	-	-	-	-	-
At 30th June 2022	-	-	-	-	-

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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Notes To The Financial Statements (Continued)

16. Intangible assets

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

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	-	-
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade And Other Payables	-	-

18. Provisions

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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Notes To The Financial Statements (Continued)

19. Borrowings

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

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

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

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

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving 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	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(7,935,221)	1,910,987
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(7,935,221)	1,910,987

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	2,837,200	1,826,900
Total	2,837,200	1,826,900

d) Due from related parties

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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Other Disclosures Continued

e) Due to related parties

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

23. Contingent assets and contingent liabilities

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving 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	114,238,723	89,190,314	25,048,409	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	16,888,726	16,888,726	-	-
Total	131,127,449	131,127,449	25,048,409	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	59,442,120	40,352,842	19,089,278	-
Bank Balances	63,750,353	63,750,108	-	-
Total	123,192,228	104,103,195	19,089,278	-

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

The 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	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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.

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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:

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	120,000,000	120,000,000
Accumulated surplus	3,192,228	11,127,449
Total funds	123,192,228	131,127,449
Total borrowings	-	-
Less: cash and bank balances	63,750,108	16,888,726
Net debt/(excess cash and cash equivalents)	(63,750,108)	(16,888,726)
Gearing	0%	0%

Note: There was no external funding (Debt) during the period hence the 0% gearing.

**Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund
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18. 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	Status:	Timeframe:
1.0	Long term receivable exchange transaction	The fund is making follow up on performing loans .The loans are fully secured and the securities held at Trustee bank	JohnKeen Murkeu Jairo	resolved	6 months
2.0	Failure to provide approved Budget	The County government did not allocate or transfer funds to the revolving fund. The loans disbursed during the year were made from the total monthly loan repayments realized during the year.	JohnKeen Murkeu Jairo	Resolved	6 months
3.0	Unresolved prior year audit matter- Unsecured car & mortgage loans	All loans are now secured. All Title deeds have been charged to loans	JohnKeen Murkeu Jairo	Resolved	6 months

ANNEX1

COUNTY EXECUTIVE CAR & MORTGAGE REVOLVING FUND
LOAN REPAYMENT SCHEDULE FOR THE MONTH OF JUNE 2022

	Period	Name of borrower	Balance b/f	Additional advance	Interest	Repayment	Refund of Over-recovery	Outstanding Balance
								19,954.11
1	Jun-22	ANNE CHERONO KIBOSIA	236,762.20	-	591.91	217,400.00		361,718.59
2	Jun-22	MONICA JEPTUM ROTICH	360,816.55	-	902.04	-		23,087.87
3	Jun-22	SHADRACK KIPROP YATICH	224,315.08	-	560.79	201,788.00		90,964.01
4	Jun-22	SIMION CHIRCHIR KIPLAGAT	90,737.16	-	226.84	-		3,521,451.69
5	Jun-22	STEPHEN RUTTO BIWOTT	3,512,670.01	-	8,781.68	-		978,065.92
6	Jun-22	MORRIS KIPKOSGEI ROTICH	975,626.86	-	2,439.07	-		14,565,139.57
7	Jun-22	ALEX TANUI TOLGOS	15,138,792.59	-	37,846.98	611,500.00		1,775,506.51
8	Jun-22	JEREMIAH ROTICH CHANGWONY	1,771,078.82	-	4,427.70	-		682,258.14
9	Jun-22	SHADRACK K. CHELIMO	680,556.74	-	1,701.39	-		950,746.91
10	Jun-22	DANIEL KIPCHUMBA KIPTUM	948,375.97	-	2,370.94	-		7,740,388.51
11	Jun-22	GABRIEL KOSGEY LAGAT	7,721,085.80	-	19,302.71	-		2,988,178.06
12	Jun-22	GIDEON KIPKOECH KIPYAKWAI	2,980,726.24	-	7,451.82	-		153,590.91
13	Jun-22	ANITA C TOROITICH	301,399.41	-	753.50	148,562.00		1,061,696.52
14	Jun-22	CAROLINE MAGUT	1,089,939.67	-	2,724.85	30,968.00		434,777.13
15	Jun-22	MICHAEL KIPCHUMBA LELIT	541,822.57	-	1,354.56	108,400.00		149,176.26
16	Jun-22	PAUL CHEBOI CHEMMUTTUT	229,775.82	-	574.44	81,174.00	772	-
17	Jun-22	KEVIN BIWOTT	152,089.87	-	380.22	153,242.25	735	-
18	Jun-22	LEAH PAMELA RONO	134,074.10	-	335.19	135,144.20		366,560.90
19	Jun-22	LEAH PAMELA RONO	695,237.81	-	1,738.09	330,415.00		375,194.12
20	Jun-22	WISLEY KIPYEGON ROTICH	374,258.48	-	935.65	-		1,108,135.18
21	Jun-22	ABRAHAM BARSOSIO	1,160,471.01	-	2,901.18	55,237.00		42,991.56
22	Jun-22	JOHANA KIPTOO CHEPTOO	172,166.14	-	430.42	129,605.00		170,435.63
23	Jun-22	KIPRONO CHEPKOK	324,155.24	-	810.39	154,530.00		2,178,585.17
24	Jun-22	KIMWETICH BARMASAI	2,226,197.67	-	5,565.49	53,178.00		1,104,216.34
25	Jun-22	PENINAH KOMEN	1,127,228.27	-	2,818.07	25,830.00		561,988.91
26	Jun-22	JOHNKEEN MURKEU JAIRO	655,175.97	-	1,637.94	94,825.00		562,092.99
27	Jun-22	EDWIN KIBET SERONEI	655,279.79	-	1,638.20	94,825.00		526,611.33
28	Jun-22	MARY KIPCHUMBA	623,876.64	-	1,559.69	98,825.00		1,148,112.24
29	Jun-22	NIXON CHANGKWONY	1,183,608.22	-	2,959.02	38,455.00		562,092.99
30	Jun-22	DAVID CHEBII	655,279.79	-	1,638.20	94,825.00		632,222.11
31	Jun-22	SHARON JEPKORIR SIRMA	734,308.34	-	1,835.77	103,922.00		709,208.71
32	Jun-22	GEOFFREY KIPKEMBOI KIMAIYO	807,986.75	-	2,019.97	100,798.00		
32	Jun-22	TIMOTHY KIPTUM KOECH						

33	Jun-22	JOSPHAT MAIYO	726,365.02		1,815.91	103,922.00		624,258.93
34	Jun-22	MARK CHESERSON	362,054.60		905.14	60,496.00		302,463.73
35	Jun-22	JOSPHAT TANUI	822,145.53		2,055.36	103,922.00		720,278.89
36	Jun-22	LORNAH KIPSANG	742,320.13		1,855.80	107,373.00		636,802.93
37	Jun-22	PAULINE KURGAT	1,704,558.23		4,261.40	87,244.00		1,621,575.63
38	Jun-22	PHILIP KIPTOO	1,472,617.92		3,681.54	39,640.00		1,436,659.47
39	Jun-22	ROBERT CHELAGAT	1,591,637.02		3,979.09	-		1,595,616.11
40	Jun-22	BENSON KIBORE	863,540.05		2,158.85	124,102.00		741,596.90
41	Jun-22	LORETTA KOTUT	863,540.05		2,158.85	124,102.00		741,596.90
42	Jun-22	SALLY KIMOSOP	2,757,636.57		6,894.09	87,244.00		2,677,286.66
43	Jun-22	CHRISTINE NGENO	2,858,092.60		7,145.23	66,403.00		2,798,834.83
			63,250,383.29	-	158,125.96	3,967,896.45	1,507.07	59,442,119.88