

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
DATE	20/2/2025
TABLED BY	Majority Whip
COMMITTEE	
CLERK AT THE TABLE	Cherop



MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of 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

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility
*Provide a list of Acronyms and Key terms used in the financial report as per above example.
The list to be exhaustive)*

Migori County Assembly Car Loan and Mortgage Fund
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2. Key Entity Information and Management

a) Background information

a) Background information

Migori County Assembly Car Loan & Mortgage Fund was established in the year 2014 and derives its authority and accountability from The Migori Car Loan and Mortgage Act, 2014. The Act was amended the FY 2023/2024. The Fund is wholly owned by the County Assembly of Migori and is domiciled in Kenya.

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

b) Principal Activities

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

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Chairperson	Collins Bala
2	Committee Member	Dr. John Achuora
3	Secretary	Alcent Matiku
4	Committee Member	Philip Akumu Olella

d) Key Management Team

Ref	Name	Position
1	Secretary	Alcent Matiku
2	Fund Accountant	Lilian Onyango
3	Member	Salome Nguka
4	Member	Caleb Onyinge

**Migori County Assembly Car Loan and Mortgage Fund
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Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Internal Auditor	Patrick Mwangi Ager
2	Migori County Assembly Budget & Appropriation Committee	Hon. Graham Kagali Angogo
3	Migori County Assembly Finance Committee.	Hon. Ongele Caleb Owuor
4	Migori County Assembly CPIAC	Hon. Jacobs Akal

f) Registered Offices

P.O. Box 985-40400, Suna-Kenya
Migori County Assembly Building
Migori Level 4 Hospital- Highway
Migori, KENYA

g) Fund Contacts

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

h) Fund Bankers

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

...

(List all the banks where the fund has accounts)

Key Entity and Management (Continued)

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

(list details of other County Attorneys if any.)




**Migori County Assembly Car Loan and Mortgage Fund
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3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>Mr. Collins Bala</p>	<p>D.O.B:</p> <p>Academic Qualifications: Work Experience: currently serving has Acting Clerk of the County Assembly</p>
 <p>Dr. John Achuora</p>	<p>D.O.B:</p> <p>Academic Qualifications:</p> <p>Work Experience: Currently Serving as the Migori County Chief Officer of Finance and Planning</p>
 <p>Mr. Alcent Matiku- Secretary to the Board</p>	<p>D.O.B: 04/08/1989</p> <p>Academic Qualifications: Bachelor of Commerce (Human Resource Management Option), Diploma in HRM</p> <p>Work Experience: Employed in the County Assembly as Human Resources Officer. Currently Serving as Senior Administration Officer</p>
<p>Mr. Philip Akumu Olella</p>	<p>D.O.B:</p> <p>Academic Qualifications:</p> <p>Work Experience: Joined the Migori County Assembly Service Board in 2022</p>

**Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

4. Management Team

Name	Details of qualifications and experience
 Mr. Collins Bala	D.O.B: Academic Qualifications: Work Experience: currently serving as Acting Clerk of the County Assembly
 Alcent Matiku- Fund Secretary	D.O.B: 04/08/1989 Academic Qualifications: Bachelor of Commerce (Human Resource Management Option), Diploma in HRM Work Experience: Employed in the County Assembly as Human Resources Officer. Currently Serving as Senior Administration Officer
Lilian Onyango- Fund Accountant	D.O.B: Academic Qualifications: Work Experience: Currently serves as Director Finance
Brian Mboya- Member	D.O.B: Academic Qualifications: Work Experience: Serving as the legal Officer
 Miss. Salome Nguka	D.O.B: 12/05/1985 Academic Qualifications: Bachelor of Business Administration Work Experience: Currently serving has Principal Clerks Assistant

5. Board/Fund Chairperson's Report

The Financial Statements for the County Assembly Car Loan and Mortgage Fund for the financial year 2023/2024 were prepared in accordance with the Accrual Basis of Accounting Method under International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board of Kenya.

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

In the FY 2023/2024 Kshs 10,000,000 as an appropriation from Annual Budget of Migori County Assembly. No funds were disbursed due to delays in exchequer release. Despite the challenges of the limited resources, the Assembly endeavours to appropriate additional funding to the fund to benefit the remaining members of staff.

Collins Bala Signature..........Date.....14th November 2024..

Chairperson of the Board

Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Report of The Fund Administrator

During the Financial Year ended 30th June 2024, Migori County Assembly's Car Loan & Mortgage Board received a budget allocation of Kshs. 10,000,000. However, this money was not disbursed due to lack of funds in the CRF.

The Migori County Assembly Car Loan and Mortgage was amended to accommodate board members of the county assembly as the amended law excluded the two board members nominated from outside the Assembly as the beneficiaries.

We hope to get additional appropriation in the subsequent years which will enable staff to benefit from the fund.

We look forward to a better future.

**Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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

Introduction

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

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

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

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

Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

8. Corporate Governance Statement

Meeting Attendance in the year ended June 30,2023

No	Name	Position	Meetings Attended
1	Collins Bala	Chairperson	
2	Alcent Matiku	Secretary	
3	Philip Olella	Member	
4	Dr. John Achuora	Member	

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

The role of the Board is:

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

There was no Board training in the year ended June 30, 2024.

9. Management Discussion and Analysis

During the Financial Year ended 30th June 2024, Migori County Assembly's Car Loan & Mortgage Board received a budget allocation of Kshs.10,000,000.

The Migori County Assembly Car Loan and Mortgage was amended to accommodate the County Assembly Service Board Members of the county assembly as the amended law excluded the two independent board members of the Assembly as the beneficiaries.

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

10. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile-

Migori County Assembly is an arm of the Migori County Government whose mandate includes representation of the public, legislation and oversight of the implementation of projects and service delivery to the entire county.

The organization has been in existence since 2013 and it seeks to improve the livelihoods of the residents in small but meaningful ways each day.

County Assembly is committed to incorporating sustainability issues into its strategy regarding its policies and management practices such as supply chain management and public participation. There is focus on charity by staff donations to vulnerable members of the community particularly orphanages as captured in our slogan “putting a smile of a child’s face.”

2. Environmental Performance-

Currently the organization is going paperless by embracing technology in dissemination of information to its clients and stakeholders at large. There are tree planting activities and installation of underground water supply as opposed to pure procurement and outsourcing of water for sanitation purposes.

3. Employee welfare-

The hiring process is guided by the existing and approved human resource manual adopted from the Public Service. There are knowledge management strategies and running budget to ensure a learning organization and talent management. The management has been empowered to manage performance and conduct appraisals annually. There are several reward strategies like medical benefits that come with a number of packages to ensure attraction and retention of talented employees and give the organization a competitive advantage. These strategies are utilized to foster occupational health and safety in compliance with Occupational Safety and Health Act, 2007.

4. Market place practices-

a. Responsible supply chain and supplier relations-

There is utilization of procurement best practices as stipulated in law. The community and minorities have space to bid for tenders as specified in tender adverts.

b. Responsible ethical practices-

Migori County Assembly is a Corruption Free Zone as guided by Ethics and Anti-corruption policy. As an oversight entity, there are stringent measures to curb and mitigate unethical practices that may arise as a result of conflict of interest.

c. Stewardship of goods and services-

Migori County Assembly is guided by the principles as outlined in the County Assemblies Services Act, 2017. The CEO is the AIE holder and is responsible to the Board of management for the actions taken by the staff of whom he or she is responsible.

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

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

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1-6.

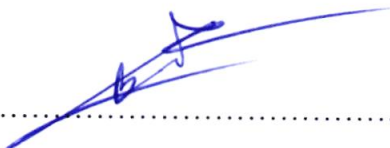
Trustees

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

Auditors

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

By Order of the Board



.....

Ag. Clerk Collins Bala

Chair of the Fund Administration Committee

Date: 14th November 2024

12. Statement of Management’s Responsibilities

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

The Administrator of the Migori County Assembly Car Loan and Mortgage Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Migori County Assembly Car Loan and Mortgage Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Migori County Assembly Car Loan and Mortgage Fund Act, 2014. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on **14th November 2024** and signed on its behalf by:

.....


Collins Bala

Administrator of the County Public Fund

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

Telephone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2024

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 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 the 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 Migori County Assembly Car Loan and Mortgage Fund set out on pages 1 to 27 which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of cash flows and statements 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 Migori County Assembly Car Loan and Mortgage Fund as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

The statement of changes in net assets reflects a total revolving fund and accumulated surplus balance of Kshs.131,163,306 for the year ended 30 June, 2023 which differs with the audited prior year Kshs.132,430,760 balance resulting to a variance of Kshs.1,267,454. Similarly, the statement reflects a total revolving fund and accumulated surplus balance of Kshs.133,625,716 for the year ended 30 June, 2024 which differs with the audited balance of Kshs.134,893,170 balance resulting to a variance of Kshs.1,267,454.

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

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

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.5,831,131 whose supporting amortization schedule was not provided for audit review.

In the circumstances, the accuracy and completeness of the current portion of long-term receivables from exchange transactions of Kshs.5,831,131 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of Migori County Assembly Car Loan and Mortgage 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

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2024 reflects final budget and actual on comparable basis of Kshs.10,000,000 and of Kshs. Nil resulting to under realization of Kshs.10,000,000.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public budget.

My opinion is not modified in respect of these matters.

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 matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the report of the Auditor-General for the financial year 2022/2023, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Management has indicated almost all the issues as resolved under the Progress on Follow Up on Prior Year Auditor's Recommendations section of the financial statements. However, the extent of how the issues were resolved could not be determined.

Other Information

The Management is responsible for the other information set out on page iv to xvi which comprise the Key Entity Information and Management, 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 Trustees and Statement Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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 of the Auditor-General on Migori County Assembly Car Loan and Mortgage Fund for the year ended 30 June, 2024

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the effects of the matter 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

Unbalanced Budget

The statement of comparison of budget and actual amounts for the year ended 30 June 2024 reflects Kshs. 10,000,000 and Kshs. Nil in respect to approved revenue budget and approved expenditure budget respectively resulting to Kshs. 10,000,000 in respect to imbalance in the budget contrary to Section 33 (c) of the Public Finance Management (National Government) Regulations, 2015 which states that budget revenue and expenditure appropriations shall be balanced.

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

The audit was conducted in accordance with the ISSAI 3000 and ISSAI 4000. The standards 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 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matter(s) described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the 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, the Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using applicable basis of accounting going concern and unless the Management is aware of the intention to terminate the programme or cease operations.

The 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.

Management is responsible for overseeing the county'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 for 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 entity'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

27 December, 2024

Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	0	0
Transfers From the County Government	2	0	0
		0	
Revenue From Exchange Transactions			
Total Revenue		0	0
Expenses			
Use of goods and services	3	17,526	3,824,396
Total Expenses		17,526	3,824,396
Other Gains/Losses		0	0
Surplus/(Deficit) for the Period		(17,526)	(3,824,396)

(The notes set out on pages 7 to 26 form an integral part of these Financial Statements)

.....
Name: Collins Bala
Administrator of the Fund

.....
Name: Lilian Onyango
Fund Accountant
ICPAK Member Number: 20263


Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position As at 30 June 2024


Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	133,625,716	131,163,306
Current Portion of Long- Term Receivables From Exchange Transactions	5	5,831,321	24,928,425
Total current assets		139,457,037	156,091,731
Non-Current Assets			
Long Term Receivables from Exchange Transactions	5	218,827,125	0
Total non- current assets		218,827,125	0
Total Assets (A)		358,284,162	156,091,731
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	6	8,311,257	23,660,971
Total current liabilities		8,311,257	23,660,971
Non-Current Liabilities			
Long Term Portion due to DTB	6	218,827,125	
Total Liabilities (B)		227,138,382	23,660,971
Net Assets (A-B)		131,145,780	132,430,760
Represented By:			
Revolving Fund		131,163,306	136,255,156
Reserves			
Accumulated Surplus		(17,526)	(3,824,396)
Net Assets		131,145,780	132,430,760

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 **14th November 2024** and signed by:

Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024



.....
Name: Collins Bala
Administrator of the Fund



.....
Name: Lilian
Fund Accountant
ICPAK Member Number: 20263

**Migori County Assembly Car Loan and Mortgage Fund
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16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	40,255,156	0		40,255,156
Surplus/(Deficit) For the Period	-	-	(3,824,396)	(3,824,396)
Funds Received During the Year	96,000,000	-		96,000,000
Transfers				(1,267,454)
Revaluation Gain	-	0	-	0
Balance As At 30 June 2023	136,255,156		(3,824,396)	131,163,306
Balance As At 1 July 2023	136,255,156	0		131,163,306
Surplus/(Deficit) For the Period		-	(17,526)	(17,526)
Funds Received During the Year	69,425,975	-	-	69,425,975
Transfers	(66,946,039)			(66,946,039)
Revaluation Gain	-	0	-	0
Balance As At 30 June 2024	133,643,242	0	(17,526)	133,625,716

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17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Total receipts		0	0
Payments			
General expenses		(17,526)	(3,824,396)
Net cash flows from operating activities	24	(17,526)	(3,824,396)
Cash flows from investing activities			
Proceeds from loan principal repayments		69,425,975	23,660,971
Net cash flows used in investing activities		69,425,975	23,660,971
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	96,000,000
Repayment of borrowings		(66,946,039)	(24,928,425)
Net cash flows used in financing activities		(66,946,039)	71,071,575
Net increase/(decrease) in cash & cash Equivalents		2,462,410	90,908,150
Cash and cash equivalents at 1 July		131,163,306	40,255,156
Cash and cash equivalents at 30 June		133,625,716	131,163,306

Migori County Assembly Car Loan and Mortgage Fund
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18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	0	0	0	0	0	0
Transfers From County Govt.	10,000,000	0	10,000,000	0	0	0
Interest Income	0	-	0	0	0	0
Other Income	0	-	0	0	0	0
Total Income	10,000,000	0	10,000,000	0	0	0
Expenses						
Fund Administration Expenses	0	-	0		0	
General Expenses	0	0	0	17,526	(17,526)	
Finance Cost	0	0	0	0	0	
Total Expenditure	0	0	0	17,526	(17,526)	
Surplus For the Period	10,000,000	0	0	(17,526)	17,526	
Capital expenditure	10,000,000	0	10,000,000	0	0	

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

Migori County Assembly Car Loan and Mortgage Fund
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19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The Migori County Assembly Car Loan and Mortgage Fund entity is established by and derives its authority and accountability from The Migori County Car Loan and Mortgage Act, 2014 and as amended in 2024. The entity is wholly owned by the Migori County Assembly and is domiciled in Kenya. The entity’s principal activity is to establish a loan scheme to provide loans to members of the scheme to purchase motor vehicles or residential houses.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

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 2024.

Standard	Effective date and impact:
IPSAS 43	<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	<i>Applicable 1st January 2025</i> The Standard requires,

**Migori County Assembly Car Loan and Mortgage Fund
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for Sale and Discontinued Operations	<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>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>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.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <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. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>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.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>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 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.</p>

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IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>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.</p>
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(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year **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 was approved by the County Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of xxxxx on the FY 20xx budget following the governing body’s approval.

Migori County Assembly Car Loan and Mortgage Fund
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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.

Migori County Assembly Car Loan and Mortgage Fund
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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 performance has been presented under section xxx of these financial statements.

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

Migori County Assembly Car Loan and Mortgage Fund
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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. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual 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 value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Migori County Assembly Car Loan and Mortgage Fund
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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) are set out in *Note xx*.

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Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

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 recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Migori County Assembly Car Loan and Mortgage Fund
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Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) 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.

j) 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.

Migori County Assembly Car Loan and Mortgage Fund
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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 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.

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

Migori County Assembly Car Loan and Mortgage Fund
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6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	2023/2024	2022/2023
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From The Public	0	0
Total	0	0

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfers From County Govt. –Operations	0	96,000,000
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
Total	0	96,000,000

3. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
General Office Expenses	0	0
Loan Processing Costs	0	3,185,000
Bank Charges	17,526	639,396
Social benefit expenses*		
Total	17,526	3,824,396

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

4. Cash and cash equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Migori Car and Mortgage Loan Account	133,625,716	131,163,306
Total Cash And Cash Equivalents	133,625,716	131,163,306

**Migori County Assembly Car Loan and Mortgage Fund
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Notes to the Financial Statements Continued

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

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
a) Current Account			
DTB- Migori County Assembly Car Loan & Mortgage	002960800 1	133,625,71 6	131,163,30 6
Grand Total		133,625,71 6	131,163,30 6

5. Receivables from exchange transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	0	0
Current Loan Repayments Due	5,831,321	24,928,425
Other Exchange Debtors	0	0
Less: Impairment Allowance	0	0
Total Current Receivables	5,831,321	24,928,425
Non-Current Receivables		
Long Term Loan Repayments Due	218,827,125	0
Total Non- Current Receivables		0
Total Receivables From Exchange Transactions	224,658,446	24,928,425

Migori County Assembly Car Loan and Mortgage Fund
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Notes to the Financial Statements Continued

6. Trade and other payables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Trade Payables	8,311,257		23,660,971	
Other Trade Payables (DTB Payables)	218,827,125			
Refundable Deposits	0		0	
Total Trade and Other Payables	227,138,382		23,660,971	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year		%	xxx	%
1-2 years		%	xxx	%
2-3 years		%	xxx	%
Over 3 years		%	xxx	%
Total (tie to above total)			xxx	

Migori County Assembly Car Loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

7. Cash generated from operations.

Description	2023/2024	2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(17,526)	(3,824,396)
Adjusted For:		
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	0	0
Finance Cost	0	0
Working Capital Adjustments		
Increase In Inventory	0	0
Increase In Receivables	0	0
Increase In Payables	0	0
Net Cash Flow From Operating Activities	(17,526)	(3,824,396)

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Notes To The Financial Statements (Continued)

8. Financial risk management

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

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

a) Credit risk

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

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

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

Migori County Assembly Car Loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

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

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				
At 30 June (Comparative FY)				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				

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Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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

Migori County Assembly Car Loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Migori County Assembly Car Loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

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

9. Events after the reporting period

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

10. Ultimate and Holding Entity

The entity is a County Public Fund established by the Migori County Assembly Car Loan & Mortgage Fund Act, 2014. Its ultimate parent is the Migori County Assembly.

11. Currency

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

**Migori County Assembly Car Loan and Mortgage Fund
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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)

Guidance Notes:

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

Fund Manager/Accounting Officer (enter title of head of Fund)

Collins Bala

Ag. Clerk Migori County Assembly

Date 14th November 2024