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**REPORT**

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**OF**

**THE AUDITOR-GENERAL**

**ON**

**LAIKIPIA COUNTY STATE AND PUBLIC  
OFFICERS CAR LOAN AND MORTGAGE  
SCHEME FUND**

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



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**COUNTY GOVERNMENT OF LAIKIPIA**

**LAIKIPIA COUNTY EXECUTIVE STATE AND PUBLIC OFFICERS CAR  
LOAN AND MORTGAGE SCHEME FUND**

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

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

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

# Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024

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# **Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024**

## **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
FY	Financial Year
CECM	County Executive Committee Member
LCESPO Car Loan & Mortgage Fund	Laikipia County Executive State and Public Officers Car Loan And Mortgage Scheme Fund

### **b) Glossary of Terms**

Fiduciary Management	The key management personnel who had financial responsibility
Fund	Laikipia County Executive State and Public Officers Car Loan and mortgage scheme fund
Defaulters	Members who have not paid up their loans

## Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024

### 2. Key Entity Information and Management

#### a) Background information

Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance Management Act No. 18 of 2012 (Public Finance Management (Laikipia County Executive State and Public Officer Car Loan and Mortgage Scheme Fund) Regulations 2021). The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The fund's objective is to provide car loans and mortgages for successful applicants under the regulations and to give effect to employees' benefits in relation to car loans and mortgage facility as provided for by the salaries and remuneration commission.

#### b) Principal Activities

The Fund's principal activity is to grant car loans and mortgages to the County state and public officers for purposes of purchase, development, renovation or repair of residential property for use of an applicant and his or her family.

#### c) Fund Administration Committee

No.	Designation	Name
1	Chairperson - County Secretary	Koinange Wahome
2	Fund Administrator- Chief officer Finance	Daniel Kingori Ngumi
3	Member - County Attorney	Alexander Muchemi Muthee
4	Member - Payroll Manager	Shadrack Mwithalii M'ituuru
5	Secretary to Committee	Racheal Wambui Thumbi

#### d) Key Management Team

No.	Designation	Name
1	Fund Administrator	Daniel Kingori Ngumi
2	Fund Accountant	Emily Njeri Mwangi

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
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**e) Fiduciary Oversight Arrangements**

<b>Ref</b>	<b>Position</b>	<b>Title</b>
1	County Assembly of Laikipia	Clerk to the County Assembly
2	Directorate of Internal Audit	Head of Internal Audit
3	Office of the Controller of Budget	Controller of Budget
4	Office of the Auditor General	Auditor General

**f) Registered Offices**

P.O. Box 131-20321  
County Building, Government Road  
Rumuruti, KENYA

**g) Fund Contacts**

Telephone: (254) 0202352720  
E-mail: laikipiacarmortgage@gmail.com  
Website: www.laikipia.go.ke

**h) Fund Bankers**

Co-operative Bank  
Nanyuki, Kenya

**i) Independent Auditors**

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

**j) Principal Legal Adviser**


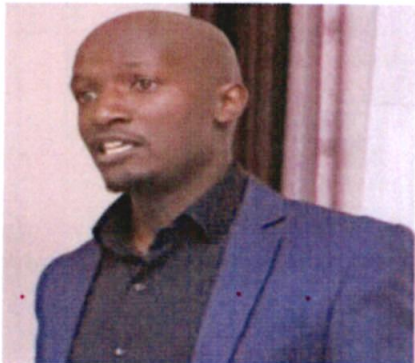
The Attorney General  
State Law Office, Harambee Avenue  
P.O. Box 40112 City Square 00200  
Nairobi, Kenya

**k) County Attorney**



The County Attorney  
County Government of Laikipia  
P.O. Box 1271-10400,  
Nanyuki, Kenya

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**3. Fund Management Committee**

Name	Details of qualifications and experience
<p><b>1.Koinange Wahome</b></p> 	<p>Born in 1978.</p> <p>Mr.Koinange Wahome is the County Secretary and the Chairman to the fund.</p> <p>He is a dedicated public servant and design thinker with an unwavering commitment to resolving social complexities and ongoing human problems through active citizen engagement, empathetic redress, and unending support for the formation of inspired teams.</p> <p>He has extensive experience in Public Safety Administration, Trade Policy Development, Human Enterprise Management, Diplomacy, Best Practices in International Relations, Public Finance Policy, and Community Development.</p> <p>Mr. Koinange holds a Master's Degree in International Relations and Diplomacy among other academic and professional qualifications. He has a distinguished public service record in Kenya's disciplined forces, as well as private consultancies in Diplomacy, Public Safety Administration, Technology-Aided Security Surveillance, Logistics and International Trade.</p>
<p><b>2.Daniel Kingori Ngumi</b></p> 	<p>Born in 1984</p> <p>Mr Daniel Ngumi is the Fund administrator</p> <p>Holds Bachelor's Degree in Economics and Public Administration and Master's Degree in Accounting and Finance and is a CPA(K)</p> <p>Currently the Chief Officer for Finance and County Treasury. Has previously worked with National Treasury for six years in various Departments as Chief Accountant; Has also worked with County Government of Laikipia as Head of County Treasury Accounting and County Government of Kiambu as Director of Finance</p>

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
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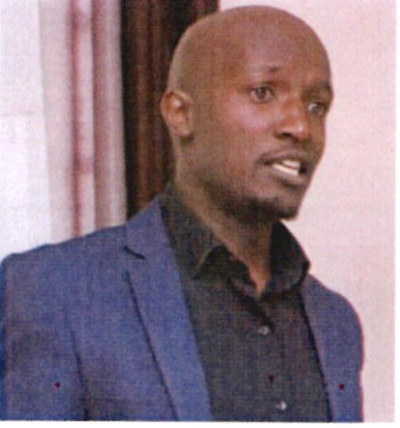
<p><b>3.Alexander Muchemi Muthee</b></p> 	<p>Born in 1986.</p> <p>Mr. Alexander Muchemi is the County Attorney and Secretary to the Committee</p> <p>He holds a Bachelor’s Degree in Law from Moi University and a Post Graduate in The Kenya School of Law Advocates Training Program (ATP).</p> <p>He was a lecturer with experience in lecturing Commercial Law at Cooperative University College. He has marketing experience was in charge of marketing in Nyahururu region. Currently he is a legal advisor to the County Executive Committee (Chaired by His Excellency the Governor of Laikipia)</p>
<p><b>4.Rachael Wambui Thumbi</b></p> 	<p>Born in 1992.</p> <p>Ms. Racheal Thumbi is the Secretariat to the Committee. She holds a Bachelor of Laws(LLB)(Hons)-University of Nairobi, Post graduate diploma in Law, Kenya School of Law and Company Secretary(CPS-K)</p> <p>She is an Advocate of the High Court of Kenya with over 5 years’ experience in litigation, a Certified Public Secretary with proven track record in demanding environments. Highly skilled in commercial law and in particularly contract drafting, corporate structuring, compliance with legal and regulatory requirements, emerging trends and providing legal advice within the County departments. She has previously been in private practice and worked in various reputable Law Firms. She is currently the Head of Litigation at the County Attorney’s office.</p>

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
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<p><b>5.Emily Njeri Mwangi</b></p> 	<p>Born in 1981.</p> <p>Mrs. Emily Mwangi is the Fund Accountant. She holds Bachelor's Degree in Business Management -Finance Option She is a Certified Public Accountant of Kenya (CPA -K). She is the accountant in charge of the department of County Administration and Public service.</p>
<p><b>6.Shadrack Mwithalii M'ituuru</b></p> 	<p>Born in 1968.</p> <p>Mr. Shadrack Mwithalii is the designate to the Director Human Resource. He holds a Bachelor of Science Degree in Natural Resource Management and a CPS Part 1 and 2. He also holds a Post-graduate diploma in Project Management. He has a working experience of 10 years in the Laikipia County Payroll Office.</p> <p>He is currently the county payroll manager.</p>

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
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**4. Management Team**

Name	Details of qualifications and experience
<p><b>1.Koinange Wahome</b></p> 	<p>Born in 1978.</p> <p>Mr.Koinange Wahome is the County Secretary and the Chairman to the fund.</p> <p>He is a dedicated public servant and design thinker with an unwavering commitment to resolving social complexities and on-going human problems through active citizen engagement, empathetic redress, and unending support for the formation of inspired teams.</p> <p>He has extensive experience in Public Safety Administration, Trade Policy Development, Human Enterprise Management, Diplomacy, Best Practices in International Relations, Public Finance Policy, and Community Development.</p> <p>Mr. Koinange holds a Master's Degree in International Relations and Diplomacy among other academic and professional qualifications. He has a distinguished public service record in Kenya's disciplined forces, as well as private consultancies in Diplomacy, Public Safety Administration, Technology-Aided Security Surveillance, Logistics and International Trade.</p>
<p><b>2.Daniel Kingori Ngumi</b></p> 	<p>Born in 1984</p> <p>Mr Daniel Ngumi is the Fund administrator. Holds Bachelor's Degree in Economics and Public Administration and Master's Degree in Accounting and Finance and is a CPA(K)</p> <p>Currently the Chief Officer for Finance and County Treasury. Has previously worked with National Treasury for six years in various departments as Chief Accountant;</p> <p>Has also worked with County Government of Laikipia as Head of County Treasury Accounting and County Government of Kiambu as Director for Finance</p>

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<p><b>3.Alexander Muchemi Muthee</b></p> 	<p>Born in 1986 Mr. Alexander Muchemi is the County Attorney and and Secretary to the Committee He holds a Bachelor’s Degree in Law from Moi University and a Post Graduate in The Kenya School of Law Advocates Training Program (ATP). He was a lecturer with experience in lecturing Commercial Law at Cooperative University College. He has marketing experience was in charge of marketing in Nyahururu region. Currently he is a legal advisor to the County Executive Committee (Chaired by His Excellency the Governor of Laikipia)</p>
<p><b>4.Shadrack Mwithalii M’ituuru</b></p> 	<p>Born in 1968 Mr. Shadrack Mwithalii is the designate to the Director Human Resource Management. He holds a Bachelor of Science Degree in Natural Resource Management and a CPS Part 1 and 2. He also holds a Post-graduate diploma in Project Management. He has a working experience of 10 years in the Laikipia County Payroll Office. He is currently the county payroll manager.</p>
<p><b>5.Rachael Wambui Thumbi</b></p> 	<p>Born in 1992 Ms. Racheal Thumbi is the Secretariat to the Committee She holds a Bachelor of Laws (LLB)(Hons)- University of Nairobi, Post graduate diploma in Law, Kenya School of Law and Company Secretary (CPS-K). She is an Advocate of the High Court of Kenya with over 5 years’ experience in litigation, a Certified public secretary with proven track record in demanding environments. Highly skilled in commercial law and in particularly contract drafting, corporate structuring, compliance with legal and regulatory requirements, emerging trends and providing legal advice within the County departments. She has previously being in private practice and worked in various reputable Law Firms. She is currently the Head of Litigation at the County Attorney’s office.</p>

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
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**6.Emily Njeri Mwangi**



Born in 1981

Mrs. Emily Mwangi is the Fund Accountant.

She holds Bachelor's Degree in Business Management -Finance Option. She is a Certified Public Accountant of Kenya (CPA -K). She is the accountant in charge of the department of County Administration and Public service.

## **Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024**

### **5. Fund Chairperson's Report**

Laikipia County Executive Members' Mortgage Scheme Fund was established with an aim of enhancing the county executive members' welfare.

The Laikipia County Car and Mortgage Fund was established by Public Finance Management Act 2012, through enactment of the Public Finance Management (County Executive Member Scheme Fund) Regulations, 2014 and Public Finance Management (County Executive Car Scheme Fund) Regulation, 2014.

The above have since been repealed and replaced by the Public Finance Management 2012, and the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations 2021.

Some of the major changes that have been incorporated in the enacted regulations include;

- i) Members of the scheme to include public officers, who are either on permanent or contract employment with the county executive.
- ii) It has provided for the sources of funds to include but not limited to:
  - (a) Such monies as may be appropriated by the County Assembly;
  - (b) such monies, interest, penalties and any such money under the Laikipia County Executive Members Mortgage (Members) Scheme Fund) and the Laikipia County Executive Members Car Loans Scheme and such monies as may be due and owing thereto;
  - (c) funds arranged through agreements between financial institutions and other bodies with the County Government; and
  - (d) any interest that may accrue from or to the fund; and
  - (e) All other sums of money that may in any manner become payable to or vested in the fund including gifts, grants and donations.
- iii) The car loan and mortgage repayment period is no longer limited to a maximum period of 48 months rather, the regulations provide for the period to encompass the employment period and such other as provided for by SRC so long as the car loan and mortgage facility is repaid in full prior to 2 months and 6 months' termination of contract respectively.
- iv) There is a provision for the requisite documents that should accompany a mortgage or car loan application.

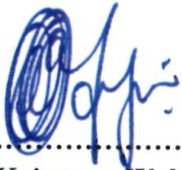
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v) The amendments also include a provision on general clauses and schedules that will guide in the issuance of the car loans and mortgages.

**Conclusion.**

The new changes were informed by the gaps in the previous legislation and need to be in tandem with the Constitution, Public Finance Management Act and all other enabling legislations, for purposes of ensuring ease in the process of issuing car loan and mortgage facility to state and public officers.

Importantly the fund has been managed seamlessly due to the creation of proper structures that ensure ease in implementation. A standardized memo, amortization schedules and reports on ability to pay are in place to guide all the borrowers on the loan process.



.....  
**Koinange Wahome**

**Chairperson - Fund Administration committee**



**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024**

**6. Report of the Fund Administrator**

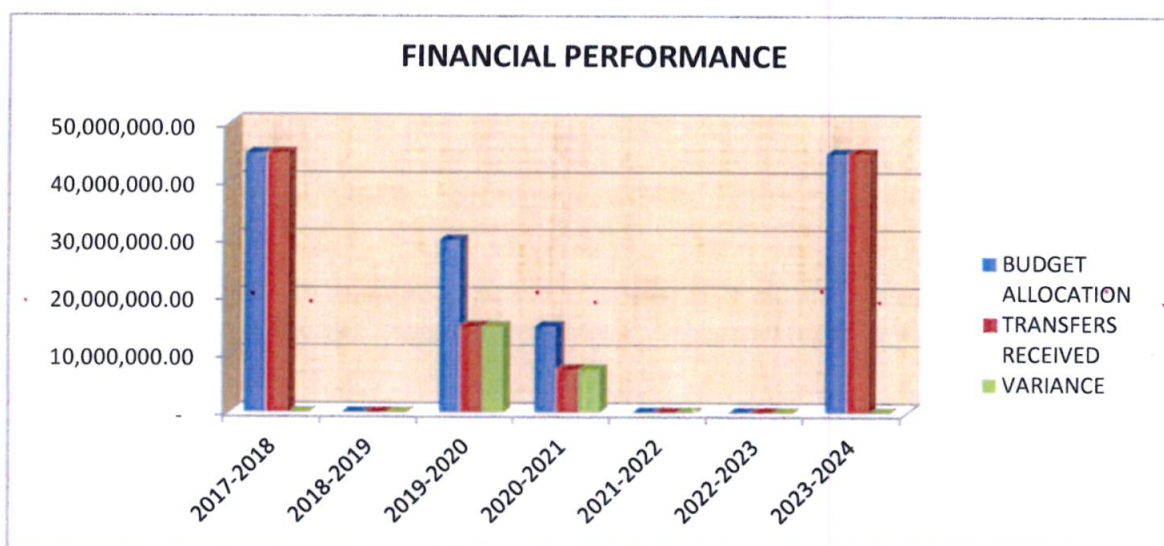
The Laikipia County State and Public Officers Car Loan and Mortgage Scheme Fund was established by the Public Finance Management Act, 2012 through enactment of the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations 2021.

Laikipia County State and Public Officers Car Loan and Mortgage Scheme Fund was created with an aim of enhancing the county executive member’s welfare. This has been realised by granting the car and mortgage loans to the members of county executive to enable them achieve the funds objective.

- a) The Fund received its funding from the county government of Laikipia and the disbursements are as analysed in the table below.

**Annual Budget Allocation Vs Transfers Received Report (7 Year Period)**

<b>FY</b>	<b>BUDGET ALLOCATION</b>	<b>TRANSFERS RECEIVED</b>	<b>VARIANCE</b>
2017-2018	45,000,000	45,000,000	-
2018-2019	-	-	-
2019-2020	30,000,000	15,000,000	15,000,000
2020-2021	15,000,000	7,500,000	7,500,000
2021-2022	-	-	-
2022-2023	-	-	-
2023-2024	45,000,000	45,000,000	-
<b>Totals</b>	<b>135,000,000</b>	<b>112,500,000</b>	<b>22,500,000</b>



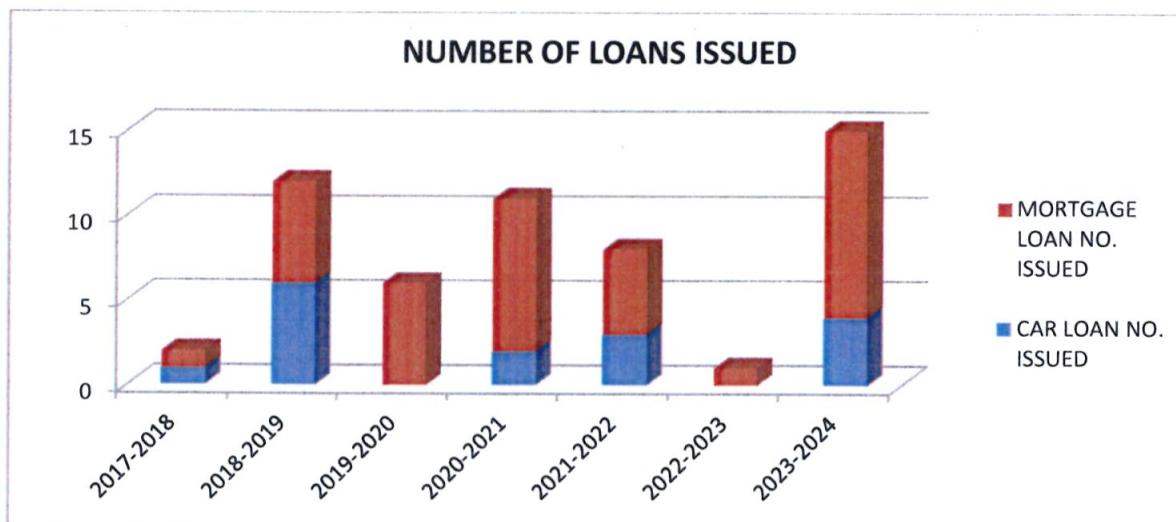
*The budget performance for the last Seven years is as shown above.*

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024**

b) The fund has issued both car loans and mortgage as shown in the table below.

NUMBER OF LOANS ISSUED		
PERIOD	CAR LOAN NO. ISSUED	MORTGAGE LOAN NO. ISSUED
2017-2018	1	1
2018-2019	6	6
2019-2020	0	6
2020-2021	2	9
2021-2022	3	5
2022-2023	0	1
2023-2024	4	11

*Graphical representation of the Car and Mortgage loans issued.*



The graph above depicts that borrowers' preference has been the mortgage loans than the car loans.

- c) The budget allocation for the FY 2024/2025 is Ksh.45 million. The funds will be used in clearing the pending applications as there were pending loan applications at the closure of the financial year.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
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**d) Risk Exposure and management**

The fund is exposed to the following risks:

**1. Credit Risk**

**Risk:** The risk that borrowers will default on their mortgage payments.

**Mitigation Measures:**

- **Collateral:** Use of collaterals for loans granted and due diligence before approving loans.
- **Income Verification:** Ensure that borrowers have stable and sufficient income to meet their mortgage obligations.
- **Recovery:** Ensure loans issued are deducted through the county payroll management system

**2. Operational Risk**

**Risk:** The risk of loss of information/ data resulting from manual/semi-automated systems.

**Mitigation Measures:**

- **Technology:** Invest in reliable and secure technology solutions to manage mortgage records and transactions.

**3. Regulatory Risk**

**Risk:** The risk of non-compliance with government regulations or changes in legislation.

**Mitigation Measures:**

- **Compliance Monitoring:** Ensure adherence to current regulations and track changes in legislation.
- **Training:** Regularly train staff on regulatory changes and compliance requirements.

**4. Liquidity Risk**

**Risk:** The risk of not having sufficient cash flow to meet obligations or fund new loans.

**Mitigation Measures:**

- **Cash Flow Management:** Implement effective cash flow management practices to ensure liquidity.
- **Funding Sources:** Diversify funding sources and maintain access to various funding options.

**5. Reputational Risk**

**Risk:** The risk of damage to the government's reputation due to negative publicity.

**Mitigation Measures:**

- **Customer Service:** Provide excellent customer service and transparent communication to maintain a positive reputation.



.....  
**Daniel Kingori Ngumi**  
**Fund Administrator**

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
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**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 entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objective of the Fund as per the Regulations is to:

- provide car loans and mortgages for successful applicants under the regulations and to give effect to employees’ benefits in relation to car loans and mortgage facility as provided for by the salaries and remuneration commission

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Provision of Mortgage facility to all members of staff	To ensure all staff have access to Mortgage facility	11 (no.) Number car loan and mortgage facility successfully applied	Percentage of staff taking Mortgage facilities	During FY 2023/2024 11 (no.) Members of staff accessed the mortgage facility.
Provision of car loans facility to all members of staff	To ensure all staff have access to car loan facility	4 (no.) Number car loan and mortgage facility successfully applied	Percentage of staff taking Mortgage facilities	During FY 2023/2024 4 (no.) Members of staff accessed the car loan facility.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
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**8. Corporate Governance Statement**

Under the provision made in the Laikipia County Car and Mortgage Scheme Regulations 2012 Section 116,7(5) that states “the meeting of the Committee shall be convened by the chairperson or in absence of the chairperson, by the vice chairperson, or in the absence of the vice chairperson, by a member designated by the chairperson and shall be convened at such a times as may be necessary for the discharge of its function7(6). The Quorum for a meeting of the committee shall be the chairperson and three members. The following committee meetings were held;

S/ No.	List of Management Committee Members	21.08.2023	31.08.2023	12.09.2023	11.10.2023	1.11.2023	2.05.2024
1	Koinange Wahome	✓	✓	✓	✓	✓	✓
2	Daniel Kingori Ngumi	✓	✓	✓	✓	✓	✓
3	Alexander Muchemi	✓	X	✓	✓	✓	✓
4	Shadrack Mwithali M'ituuru	✓	✓	✓	✓	✓	✓
5	Emily Mwangi	✓	✓	✓	✓	X	✓
6	Racheal Thumbi	✓	✓	✓	✓	✓	✓

- **Succession Plan**

The fund is governed by the PFM Act 2012 and the Regulations 2015 which ensure that the administration of the fund is perpetual succession as defined by Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations 2021.

- **Existence of a Committee charter**

The Loan management committee subscribes to the regulations of the Laikipia county executive state and public officers car loan and mortgage scheme fund.

- **Process of appointment and removal of the committee**

The committee is established under regulations 6(1) of the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations 2021.

- **Roles and functions of the committee**

- Consider and approve loan applications presented to it by the fund administrator
- Discuss the audit report or any other report relating to the fund
- Determine the signatories to the account of the fund in addition to the administering officer.
- Supervise day to day operations of the fund
- Establish management guidelines of the fund

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

- **Induction and training,**  
The committee may conduct trainings to sensitize its members on the operations of the fund as per the PFM Act and the regulations establishing the fund.
- **Conflict of interest,**  
The committee members and employees maintain public confidence in the objectivity of their service by preventing and avoiding situations that could give the appearance of a conflict of interest.
- **Committee remuneration,**  
The board remunerations and allowances are regulated by Salary and Remuneration Commission circulars that stipulate the allowances to be paid to the committee members.
- **Ethics and conduct as well as governance audit.**  
The fund is governed by a loan management committee and is accountable to the CECM – Finance who ensures the adherence to ethical and good conduct to the fund business.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**9. Management Discussion and Analysis**

The Laikipia County Car and Mortgage Fund was established by Public Finance Management Act 2012, through enactment of the Public Finance Management (County Executive Member Scheme Fund) Regulations, 2014 and Public Finance Management (County Executive Car Scheme Fund) Regulation, 2014. Both regulations 2014 were later repealed and replaced by the Public Finance Management Act, 2012 through enactment of the Public Finance Management (Laikipia County State and public officers’ car loan and mortgage Fund (Regulations, 2021) for purposes of ensuring ease of processing of car loans and mortgage facilities to state and public officers.

The Fund was established with the aim of enhancing the County staff’s welfare as provided for by the Salaries and Remuneration Commission.

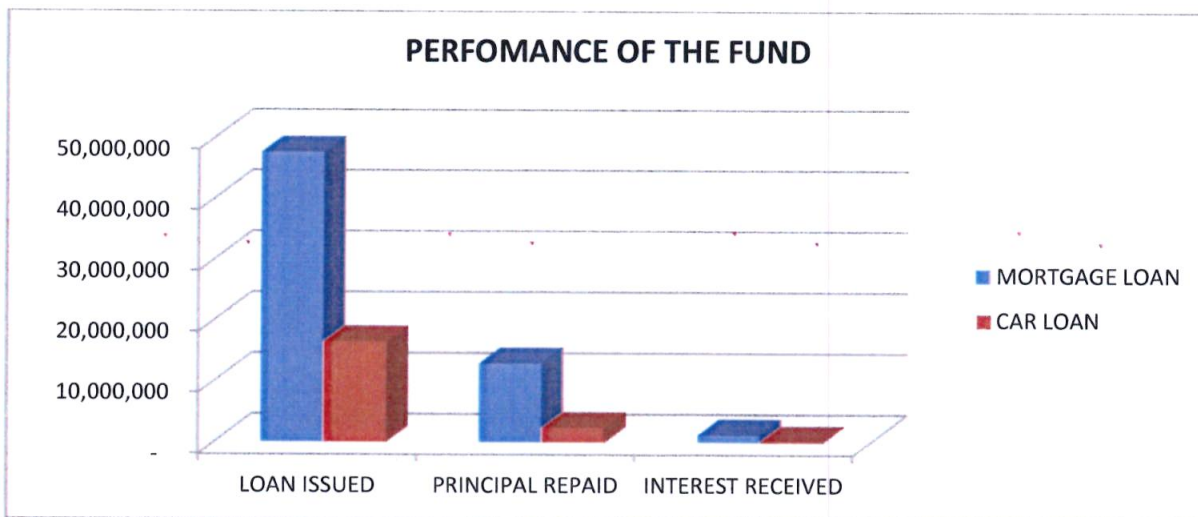
**Operational performance**

During the FY 2023/2024, the fund disbursed loans amounting to Ksh. 64,124,550 and received kshs.15,343,787 as repayment of outstanding loans. The Fund received Ksh. 1,605,339 being interest from loans.

The table below shows the performance during the year.

**FY 2023/2024 - PERFORMANCE OF THE FUND**

	<b>LOAN ISSUED</b>	<b>PRINCIPAL REPAID</b>	<b>INTEREST RECEIVED</b>
<b>MORTGAGE LOAN</b>	47,624,550	12,981,273	1,460,430
<b>CAR LOAN</b>	16,500,000	2,362,514	144,909
<b>TOTAL</b>	<b>64,124,550</b>	<b>15,343,787</b>	<b>1,605,339</b>



Graphic representation of the performance of the fund in the financial year.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Financial Performance**

By the end of FY 2023/2024, the fund cumulative budget allocation was Kshs. 135,000,000 against which KShs. 112,500,000 were received.

The outstanding loans at the close of the FY 2023/2024 amounted to KShs. 89,315,853.

***ANNUAL BUDGET ALLOCATION vs TRANSFERS RECEIVED REPORT (7 -YEAR PERIOD)***

<b>FY</b>	<b>BUDGET ALLOCATION</b>	<b>TRANSFERS RECEIVED</b>	<b>VARIANCE</b>
2017-2018	45,000,000	45,000,000	-
2018-2019	-	-	-
2019-2020	30,000,000	15,000,000	15,000,000
2020-2021	15,000,000	7,500,000	7,500,000
2021-2022	-	-	-
2022-2023	-	-	-
2023-2024	45,000,000	45,000,000	-
Totals	<b>135,000,000</b>	<b>112,500,000</b>	<b>22,500,000</b>

**Non-Performing Loans**

The total of non-performing principal loans amounts to Kshs. 14,716,720 which is held by 4 (four) applicants. The county is following up on the payment of the defaulted loans.

**Risk facing the Fund**

The fund faces risks as analysed under the report of the administrator.

## **Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024**

### **10. Environmental and Sustainability Reporting**

#### **1. Sustainability strategy and profile**

The fund management committee has activated various sustainability strategies which includes:

- Ensuring continuous compliance with government laws, regulations, policies and standards like the SRC circulars.

#### **2. Environmental Performance**

- **Low Carbon Emission Vehicles:** The fund will in future prioritize investments in electric vehicles (EVs), hybrid cars, or other low-emission vehicles. It may also partner with auto manufacturers or dealerships that have strong sustainability commitments.
- **Energy Efficiency:** The fund will promote the use of energy-efficient vehicles and encourage the adoption of renewable energy sources for car manufacturing and operations.
- **Sustainable Manufacturing:** The fund will venture in collaborating with companies that have sustainable manufacturing processes, such as reducing water usage, minimizing waste, and using recycled materials.
- **Health and Safety:** The fund will encourage investments are made in vehicles and technologies that prioritize user safety, both physically and in terms of reducing pollution.

The fund will encourage its members to focus on properties built using sustainable materials and technologies that reduce energy consumption and also engage with developers with sustainable practices, like using renewable energy, rainwater harvesting, or efficient waste management systems in residential projects.

#### **3. Employees' welfare**

Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund is managed by county staff who have been appointed as members of the committee which runs the activities of the fund.

#### **4. Market place practices**

Responsible competition practice- The committee ensures fair access to loans by adhering to pre-determined criteria of approval of the loans applied by the members of staff.

Compliance with laws and regulations-The fund is governed by the regulations established by the PFM Act 2012.

Product stewardship - The fund is governed by the regulations established by the PFM act 2012 which outlines on the qualifications for the car loan and mortgages. The members of staff accesses the car loan and mortgage facility at a lower interest rate as stipulated in the Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund regulations

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**11. Report of the Fund Administration committee**

The committee 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 are to provide car loans and mortgages to the state and public officers to enhance their welfare.

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on pages 1-5.

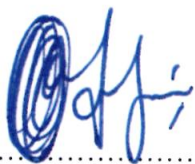
**Committee**

The members of the loan management committee who served during the year are shown on pages vii to xii above.

**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 Fund Administration committee



.....  
Koinange Wahome

**Chairperson – Fund Administration committee**



# Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 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 a County Public Fund established by Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Regulations 2021 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 Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme 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, 2024. 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.

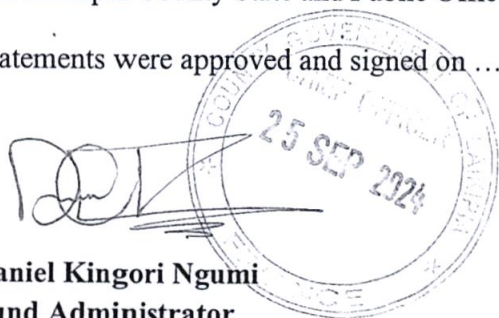
The Administrator of the Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Regulations 2021. 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

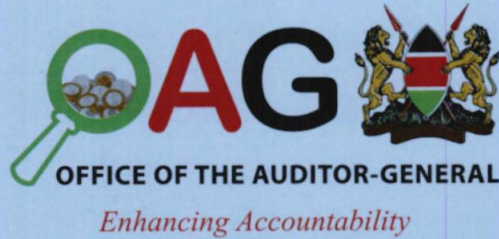
The Laikipia County State and Public Officers Car Loan and Mortgage Scheme Fund financial

Statements were approved and signed on ..... 2024



**Daniel Kingori Ngumi**  
**Fund Administrator**

# REPUBLIC OF KENYA



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

## REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY EXECUTIVE STATE AND PUBLIC OFFICERS CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2024 and the statement of

*Report of the Auditor-General on Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2024*

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Laikipia County Executive Car 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 (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations, 2021 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Un-Serviced Loans**

The statement of financial position and Note 5 to the financial statements reflect receivables from exchange transactions balance of Kshs.89,315,853, which includes Kshs.1,390,133 as the current portion of long-term receivables and Kshs.87,925,719 as long-term receivables from exchange transactions. Included in this balance is an outstanding loan totaling Kshs.14,716,721 owed by four (4) former employees who exited the County Executive's public service in 2022. However, as previously reported, these loans remain un-serviced and the recoverability remains doubtful.

In the circumstances, the recoverability of the loan balance of Kshs.14,716,721 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Laikipia County Executive Car 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**

The statement of comparison of budget and actual amounts reflects final revenue income budget and actual on comparable basis of Kshs.98,921,773 and Kshs.73,725,809 respectively, resulting in an underfunding of Kshs.25,195,964 or 25.5% of the budget. Similarly, the Fund disbursed in loans an amount of Kshs.64,124,550 against an approved budget of Kshs.95,954,120, resulting in an under-disbursement of Kshs.31,829,570 or 33% of the budget.

The underfunding and under-disbursement may limit the ability of the Fund to fulfill its intended purpose, leading to inadequate financial support for eligible beneficiaries, as well as a backlog of loan applications and dissatisfaction among potential beneficiaries.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the 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 issues**

In the report of the previous year, several issues were raised under Report on Financial Statements. However, although the Management has indicated that some have been resolved, the matters remained unresolved as the Senate and County Assembly are yet to deliberate on the Report for 2022/2023.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Receivables from Exchange Transactions**

The statement of financial position and Note 5 to the financial statements reflect receivables from exchange transactions balance of Kshs.89,315,853, which includes Kshs.1,390,133 as the current portion of long-term receivables from exchange transactions and Kshs.87,925,719 as long-term receivables from exchange transactions. Review of the records provided for audit revealed the following anomalies:

##### **1.1 Failure to Charge Prevailing Market Rate of Interest on Uncleared Loans by Former Staff Members**

Four (4) employees with outstanding loan balances of Kshs.14,716,721 ceased to be employees of the County Executive in the year 2022. However, at the time of the audit, the loans continued to attract a 3% interest rate to date contrary to Regulation 25(1) of

the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations, 2021 which states that in cases where the borrower ceases being an employee of the County Government of Laikipia, the borrower shall have a three month period within which they shall clear the loan facility in full failure to which the loan shall revert to the prevailing market rates of interest.

In the circumstances, the recoverability of the loans disbursed could not be confirmed and Management was in breach of the law.

### **1.2 Non-Compliance with Vehicle Tracking Requirement**

During the year under review, a total of Kshs.21,113,379 was issued as car loans to staff. The amounts remained outstanding as at 30 June 2024. However, documentation confirming the installation of active motor vehicle trackers on these vehicles was not provided, contrary to Paragraph 10(3) of the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations, 2021 which states that a successful applicant shall install and maintain an active motor vehicle tracker for the period of the loan. Without evidence of tracker installation, there is a heightened risk of insufficient monitoring and security of these assets, potentially affecting accountability and proper management of the loaned vehicles.

In the circumstances, the recoverability of the loans disbursed could not be confirmed and Management was in breach of the law.

## **2. Unsupported Mortgage Funds Disbursements**

The statement of cash flows for the year ended 30 June, 2024 reflects a loan disbursement balance of Kshs.64,124,550. The balance includes Kshs.47,624,550 issued to twelve (12) members in respect of mortgages. However, the mortgage disbursements lacked supporting documents as evidence demonstrating that the funds were issued for the intended purposes as outlined in the regulations which include copies of the designs of the proposed residential property, duly approved by the relevant authority within whose area it is to be situated.

Further, an amount of Kshs.5,954,661 was issued to two (2) members in respect of loan refinancing or buy-offs. However, the Fund Regulations do not have any provisions on loan refinancing or buy-offs.

In the circumstances, the Fund's management was in breach of the Fund's Regulations.

## **3. Lack Of Equity in Loan Disbursements**

The statement of cash flows reflects a loan disbursement balance of Kshs.64,124,550 as at 30 June, 2024. However, a review of loan disbursements under the Fund revealed that loans were awarded exclusively to senior county officials such as chief officers with no evidence of loan disbursements to lower cadre or mid-level staff. This practice raises concerns about

fairness and inclusivity in public service, as stipulated by Section 5(4) of the Employment Act, 2007, which states that an employer shall promote equal opportunity in employment and strive to eliminate discrimination in any employment policy or practice.

In the circumstances, the Fund's management failed to ensure equity and inclusivity in loan disbursements.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### Failure to Put in Place a Reliable Financial Management System

The Fund lacked a developed and reliable financial management system for data storage and processing. Management uses a Microsoft Excel application which is unable to provide sufficient information to aid management in decision making and maintain the integrity and sensitivity of the data input.

In the circumstances, the security and integrity of data could not be confirmed.

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

### Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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**

**24 December, 2024**


**14. Statement of Financial Performance for the Period Ended 30 June 2024**

Description	Note	Period ended	Period ended
		June 2024	June 2023
		Ksh	Ksh
		s	s
<b>Revenue From Non-Exchange Transactions</b>			
Transfers from the County Government	1	45,000,000	996,500
Fines, penalties and other levies			
<b>Revenue From Exchange Transactions</b>			
Interest income	2	1,605,339	201,563
<b>Total Revenue</b>		<b>46,605,339</b>	<b>1,198,063</b>
<b>Expenses</b>			
Use of Goods and Services	3	2,391,719	2,050
<b>Total Expenses</b>		<b>2,391,719</b>	<b>2,050</b>
<b>Other Gains/Losses</b>			
Gain/loss on disposal of assets			
<b>Surplus/( Deficit) for the period</b>		<b>44,213,620</b>	<b>1,196,013</b>

(The notes set out on pages 16 – 22 form an integral part of these financial statements)



.....  
**Daniel Kingori Ngumi**  
 Administrator of the Fund  
 ICPAK Member Number: 8207



.....  
**Emily Njeri Mwangi**  
 Fund Accountant  
 ICPAK Member Number: 12422

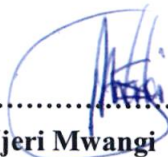
**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**15. Statement of Financial Position As at 30 June 2024**

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	7,209,440	11,776,683
Current receivables from exchange transactions	5	1,390,134	16,733,921
Long term receivables from exchange transactions	5	87,925,719	23,801,169
<b>Total assets</b>		<b>96,525,293</b>	<b>52,311,773</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts Payables from non-exchange transactions	6	-	100
<b>Total liabilities</b>		<b>-</b>	<b>100</b>
<b>Net assets</b>		<b>96,525,293</b>	<b>52,311,673</b>
<b>Represented By:</b>			
Revolving Fund		52,600,879	52,600,879
Accumulated surplus		43,924,414	(289,206)
<b>Net assets</b>		<b>96,525,293</b>	<b>52,311,673</b>

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 ..... 2024 and signed by:

  
  
 Daniel Kingori Ngumi  
 Administrator of the Fund  
 ICPAK Member Number: 8207

  
 Emily Njeri Mwangi  
 Fund Accountant  
 ICPAK Member Number: 12422

**16. Statement of Changes in Net Assets for the Period Ended 30 June 2024**

Description	Revolving Fund	Revaluation Reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 1 July, 2022</b>	<b>52,600,879</b>	-	<b>(916,750)</b>	<b>51,684,129</b>
Surplus/(deficit) for the period	-	-	627,544	627,544
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June, 2023</b>	<b>52,600,879</b>	-	<b>(289,206)</b>	<b>52,311,673</b>
<b>Balance as at 1 July, 2023</b>	<b>52,600,879</b>	-	<b>(289,206)</b>	<b>52,311,673</b>
Surplus/(deficit) for the period	-	-	44,213,620	44,213,620
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June, 2024</b>	<b>52,600,879</b>	-	<b>43,924,414</b>	<b>96,525,293</b>

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**17. Statement of Cash Flows for the Period Ended 30 June 2024**

Description	Note	Period ended	Period ended
		June 2024	June 2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	1	45,000,000	-
Transfers from the County Government-Refund		-	996,500
Interest received	2	1,605,339	201,563
<b>Total Receipts</b>		<b>46,605,339</b>	<b>1,198,063</b>
<b>Payments</b>			
Use of Goods and Services	3	2,391,719	2,050
<b>Total Payments</b>		<b>2,391,719</b>	<b>2,050</b>
<b>Net cash flows from operating activities</b>		<b>44,213,620</b>	<b>1,196,013</b>
<b>Cash flows from Investing activities</b>			
Loan overpayment	6	(100)	-
Proceeds from revolving fund receipts	5	15,343,787	3,391,388
Loan disbursements paid out	5	(64,124,550)	-
<b>Net cash flows used in Investing activities</b>		<b>(48,780,763)</b>	<b>3,391,388</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(4,567,243)</b>	<b>4,587,401</b>
Cash and cash equivalents at 1 July 2023	4	11,776,683	8,185,781
<b>Cash and cash equivalents at 30 June 2024</b>		<b>7,209,440</b>	<b>12,773,182</b>

**18. Statement of Comparison of Budget and Actual Amounts for the Period ended 30 June 2024**

Details	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
Revenue	KShs	KShs	KShs	KShs	KShs	%
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Public contributions and donations	-	-	-	-	-	-
Transfers from County Govt.	30,000,000	15,000,000	45,000,000	45,000,000	-	100%
Interest income	1,610,000	-	1,610,000	1,605,339	4,661	100%
Receivables (repayments)	40,535,090	-	40,535,090	15,343,787	25,191,303	38%
cash and cash equivalent	-	11,776,683	11,776,683	11,776,683	0	100%
<b>Total income</b>	<b>72,145,090</b>	<b>26,776,683</b>	<b>98,921,773</b>	<b>73,725,809</b>	<b>25,195,964</b>	
<b>Expenses</b>		-				
Use of Goods and Services	2,164,353	803,300	2,967,653	2,391,719	575,934	81%
Loans	69,980,737	25,973,383	95,954,120	64,124,550	31,829,570	67%
<b>Total expenditure</b>	<b>72,145,090</b>	<b>26,776,683</b>	<b>98,921,773</b>	<b>66,516,269</b>	<b>32,405,504</b>	
<b>Surplus for the period</b>	-	-	-	<b>7,209,540</b>	<b>(7,209,540)</b>	

**BUDGET NOTES:**

- (i) The underutilization on loans arose from the limiting employee's contract period as well as delayed compliance with the loan application requirements by the borrowers.
- (ii) Underutilization on Accounts receivables was occasioned by the delay in remittance of the payroll deductions.
- (iii) Underutilization on Use of Goods and services was due to delay in compliance of the loan application requirements by the borrowers.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**19. Notes to the Financial Statements**

**1. General Information**

Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance Management Act. The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya. The entity's principal activity is to grant car loans and mortgages to the County state and public officers.

**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**

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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 cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

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Standard	Effective date and impact:
	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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 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><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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	<i>Applicable 1<sup>st</sup> January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
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**(i) Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2023/2024 was approved by the County Assembly on 14/07/2023. Subsequent revisions or additional appropriations were made to the approved budget in

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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 15 million on the FY 2023/2024 budget following the supplementary budget approved on 20/12/2023.

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.

**c) Property, plant and equipment**

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

**a) Intangible Assets**

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

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

**b) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are

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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.

**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. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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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.

**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.

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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.

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**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 does not create and maintains reserves in terms of specific requirements.

**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 does not provide 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.

**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.

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**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.

**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.

**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**

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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**

There were no provisions raised for management to determine an estimate based on the information available.

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

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**6. Notes to the Financial Statements Continued**

**1. Transfers from County Government / County Government Entities**

<b>Description</b>	<b>Period ended June 2024</b>	<b>Period ended June 2023</b>
	<b>KShs</b>	<b>KShs</b>
Transfers from County Govt. – operations	45,000,000	-
Transfers from County Govt. – Refund	-	996,500
<b>Total</b>	<b>45,000,000</b>	<b>996,500</b>

**2. Income on interest**

<b>Description</b>	<b>Period ended June 2024</b>	<b>Period ended June 2023</b>
	<b>KShs</b>	<b>KShs</b>
Interest income from loans (mortgage and car loans)	1,605,339	201,563
<b>Total interest income</b>	<b>1,605,339</b>	<b>201,563</b>

**3. Use of Goods and Services**

<b>Description</b>	<b>Period ended June 2024</b>	<b>Period ended June 2023</b>
	<b>KShs</b>	<b>KShs</b>
General Office Expenses	2,380,141	-
Bank Charges	11,578	2,050
<b>Total</b>	<b>2,391,719</b>	<b>2,050</b>

**4. Cash and cash equivalents**

<b>Description</b>	<b>Period ended June 2024</b>	<b>Period ended June 2023</b>
	<b>KShs</b>	<b>KShs</b>
Current account - cooperative bank	7,209,440	11,776,683
<b>Total cash and cash equivalents</b>	<b>7,209,440</b>	<b>11,776,683</b>

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

Details	Period ended June 2024	Period ended June 2023
<b>Financial institution</b>	<b>KShs</b>	<b>KShs</b>
<b>c) Current account</b>		
Cooperative Bank Account	7,209,440	11,776,683
<b>Grand total</b>	<b>7,209,440</b>	<b>11,776,683</b>

**5. Receivables from exchange transactions**

Description	Period ended June 2024	Period ended June 2023
	<b>KShs</b>	<b>KShs</b>
Current Receivables:		
Balance b/d	16,733,921	-
Current loan repayments	(15,343,787)	(3,391,388)
<b>Total Current receivables</b>	<b>1,390,133</b>	<b>(3,391,388)</b>
Non-Current receivables		
Balance b/d	23,801,169	43,926,478
new loan issued	64,224,250	-
<b>Total Non-current receivables</b>	<b>87,925,719</b>	<b>43,926,478</b>
<b>Total receivables from exchange transactions</b>	<b>89,315,853</b>	<b>40,535,090</b>

**6. Trade and other payables from exchange transactions**

Description	Period ended June 2024	Period ended June 2023
	<b>KShs</b>	<b>KShs</b>
balance b/d	100	-
Loan Overpayment	(100)	100
<b>Total</b>	<b>-</b>	<b>100</b>

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**7. Cash generated from operations**

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>44,213,620</b>	<b>1,196,013</b>
<b>Adjusted For:</b>	-	-
Transfers from County Government	-	-
Interest Income	-	-
Use of goods and services	-	-
Transfers to County Government	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>44,213,620</b>	<b>1,196,013</b>

**8. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Description	FY 2023/2024	FY 2022-2023
	Kshs	Kshs
Transfers From the County Government	45,000,000	-
Transfers To Related Parties	-	-

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**Notes To The Financial Statements (Continued)**

**9. 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:

<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	89,315,853	74,599,133	14,716,720	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	7,209,440	7,209,440	-	-
<b>Total</b>	<b>96,525,293</b>	<b>81,808,573</b>	<b>14,716,720</b>	<b>-</b>
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	40,535,090	25,818,370	14,716,720	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	11,776,683	11,776,683	-	-
<b>Total</b>	<b>52,311,773</b>	<b>37,595,053</b>	<b>14,716,720</b>	<b>-</b>

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

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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.

**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:

**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.

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

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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	FY 2023/2024	FY 2022-2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	52,600,879	52,600,879
Accumulated surplus	44,213,620	(916,750)
<b>Total funds</b>	<b>96,525,293</b>	<b>51,684,129</b>
Total borrowings	-	-
Less: cash and bank balances	7,209,440	11,776,683
Net debt/(excess cash and cash equivalents)	(7,209,440)	(11,776,683)
<b>Gearing</b>	<b>(7.5%)</b>	<b>(22.8%)</b>

**1. Events after the reporting period**

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

**2. Ultimate and Holding Entity**

The entity is a County Public Fund established by Public Finance Management Act, 2012 (Laikipia County State and public officers' car loan and mortgage Fund (Regulations, 2021)) under the department of County Administration, coordination, Public service and ICT. Its ultimate parent is the County Government of Laikipia

**3. Currency**

The financial statements are presented rounded to the nearest Kenya Shillings (Kshs).

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**20. Annexes**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
OAG/UERO/L KP.S&POCMF/ 2022/2023(23)	<p>The statement of financial position and Note 4 to the financial statements reflects receivables from exchange transactions balance of Kshs.40,535,090 which includes a balance of Kshs. 16,733,921 in respect of current portion of long-term receivables from exchange transactions and a balance of Kshs.23,801 in respect of long-term receivables from exchange transactions. Included in the balance is outstanding loan totalling to Kshs. 14,716,721 for four (4) employees who ceased to be employees of the County Executive in the year 2022. However, the said loans are not being serviced and no explanation was obtained from the management on the same.</p> <p>In the circumstances, the recoverability of loan balance of Kshs. 14,716,721 could not be confirmed.</p>	<p>The management is following up on the defaulted loans. one applicant has fully repaid the loan.</p>	resolved	
	<p><b>i. Failure to Charge Prevailing Market Rate of Interest on Uncleared Loans by former staff members.</b></p> <p>Four (4) employees with outstanding loan balances of Kshs 14,716,721 ceased to be employees of the County Executive in the year 2022. However, at the time of the audit, the loans continued to attract 3% interest rate to date contrary to Regulation 25(1) of the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations, 2021 which states that in cases where the borrower ceases being an employee of the County Government of Laikipia, the borrower shall have a three month period within which they shall clear the loan facility in full failure to which the loan shall revert to the prevailing market rates of interest</p>	<p>The defaulters were notified about the reversion to the prevailing market rates on 2nd November 2023.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p><b>ii Failure to Insure and Charge Titles and Logbooks</b></p> <p>In addition, eight (8) loan facilities issued to five (5) employees totalling to Kshs.17,101,990 were yet to have the security charged in favour of the County contrary to Regulation 10(2) which requires that the log book of a vehicle subject to a loan from the Fund shall be issued jointly between the County Government of Laikipia and shall be kept in the custody by the County Attorney until the loan is paid in full. Further, contrary to Regulation 19(1), Management did not ensure that the borrowers took out and maintained a mortgage protection and fire policies with insurance firms approved by the committee and that the cost was paid before disbursements of the Fund and every subsequent year to full payment and debited in the borrowers account.</p> <p>In the circumstances the propriety of interest charged and recoverability of the loans disbursed could not be confirmed and Management was in breach of the law.</p>	<p>The management of the fund is exploring other mechanisms to recover the outstanding loans.</p> <p>We have received various insurance cover that the Committee is yet to approve for implementation.</p>		




**Daniel Kingori Ngumi**  
**Fund Administrator**

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**Annex II: Inter-Fund Confirmation Letter**

**From: Office Of The Chief Officer Finance & County Treasury**

**To: Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

The Chief Officer Finance wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

**Confirmation of amounts received by LCESPO Car Loan & Mortgage Fund as at 30<sup>th</sup> June 2024**



Reference Number	Date Disbursed	Amounts Disbursed by County Government of Laikipia (Kshs 45 million) as at 30 <sup>th</sup> June 2024				Amount Received by LCESPO Car Loan & Mortgage (KShs) as at 30 <sup>th</sup> June 2024	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT232647MKSM	21/9/2023	30,000,000	-	-	30,000,000	30,000,000	-
FT2411ODZ2X1	19/04/2024	15,000,000	-	-	15,000,000	15,000,000	-
<b>Total</b>		<b>45,000,000</b>			<b>45,000,000</b>	<b>45,000,000</b>	<b>-</b>

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund**

Name: Emily Mwangi

Sign .....

Date ..... 25/9/2024

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund  
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**Annex III: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
-	-	-	-	-	-	-	-	-	-

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**Annex IV: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
-	-	-	-	-	-	-