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**REPORT**

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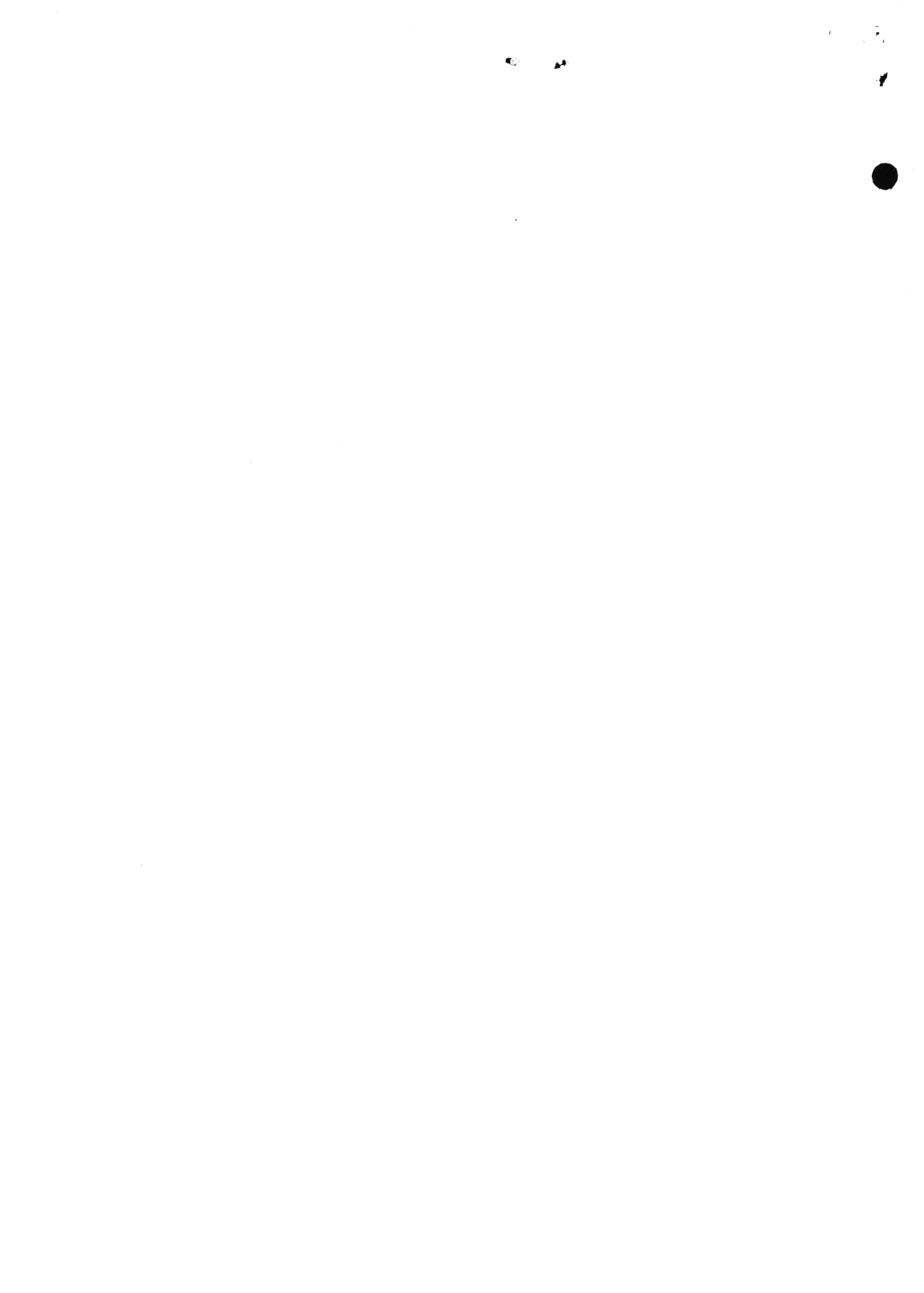
**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF TAITA TAVETA CAR  
LOAN SCHEME FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL  
P.O. Box 95202, MOMBASA  
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**COUNTY ASSEMBLY OF TAITA TAVETA CAR LOAN SCHEME FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE, 2021**

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

The County Assembly of Taita Taveta Car Loan Scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The County Assembly of Taita Taveta Car Loan Scheme Fund is constituted as per the constitution of Kenya established pursuant to the Salaries and Remuneration Circular no SRC/ADM/CIR/1/13/ Vol III (128) of 17th December 2014. It's headed by the Speaker, who is responsible for the general policy and strategic direction of the County Assembly.

**(b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to issue Car loans to Members of County Assembly and Staffs.

**(c) Board of Trustees/Fund Administration Committee**

Ref	Position	Name
	Chairman of the Board	Hon. Harris Keke
1	Fund Accountant	CPA Joseph Waduu
2	Other trustees/Committee Members	Hon. Ronald Sagurani Hon. Godwin Kilele Hon. Ibrahim Juma Hon. Crispus Masaga
3	Fund Manager/ Administrator	CPA Gadiel Mnyambo Maghanga

**d) Key Management**

Ref	Position	Name
1	Fund Manager/ Administrator	CPA Gadiel Mnyambo Maghanga
2	Fund Accountant	CPA Joseph Waduu
3	Head of Internal Audit	Renson Peter Mambaria
4	Principal Legal Officer	Fredrick Mwambili

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**e) Fiduciary Oversight Arrangements**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Head Internal Audit	Renson Peter Mambaria
2	Chairperson Audit Committee	Uruji Daido
3	Chairperson Public Accounts Committee	Hon Anselim Mwadime Chao

**f) Registered Offices**

County Assembly Headquarter  
P.O. Box 1066 - 80304  
Wundanyi, KENYA.

**g) Fund Contacts**

Telephone: (254) 718703359 / 732604811  
E-mail: [informationdesk@taitatavetaassembly.go.ke](mailto:informationdesk@taitatavetaassembly.go.ke)  
Website: [www.taitatavetaassembly.go.ke](http://www.taitatavetaassembly.go.ke)

**h) Fund Bankers**

1. Cooperative Bank of Kenya  
P.O. Box 770 -80300  
VOI, Kenya

**i) Independent Auditors**






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

**j) Principal Legal Adviser**

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

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**2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE**

	<p><b>CPA Gadiel Mnyambo Maghanga- Fund administrator</b> CPA Gadiel was appointed Fund Administrator in January 2019. He has over 18 years' experience in finance industry. He is currently the Clerk Taita Taveta County Assembly since January 2019. He is also the County Assembly Service Board Secretary He is a Certified Public Accountant and holds a Masters in Business Administration. D.O.B 18-7-1978</p>
	<p><b>Hon. Harris Keke-Chairperson</b> He is the leader of Majority. He has been an elected MCA since 2013 He has served as a chairperson from June 2020. D.O.B 15-5-1983</p>
	<p><b>Hon. Ronald Sagurani-Member</b> He is the leader of Minority. He has been an elected MCA since 2013 He has served as a Vice chairperson from 2015. D.O.B 19-2-1962</p>
	<p><b>Hon. Godwin Kilele-Member</b> He is the Minority Whip. He has been an elected MCA since 2013 He has served as a member from 2015. D.O.B 19-8-1974</p>
	<p><b>Hon. Ibrahim Juma-Member</b> He is the Majority Whip. He has been an elected MCA since 2013 He has served as a member from 2015. D.O.B 9-7-1976</p>

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**Hon. Crispus Masaga Tondoo-Member**

He is the Deputy Speaker.

He has been an elected MCA since 2013

He has served as a member from 2015.

D.O.B 27-7-1979

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**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S  
PREDETERMINED OBJECTIVES**

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity 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 objectives of the Taita Taveta County Assembly Strategic plan 2019-2023 are:

- a) Improving and streamlining the legislative process of the county assembly
- b) Enhancing oversight function of the county assembly






**Progress on attainment of Strategic plan 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>
Improving legislative process	Improving and streamlining the legislative process of the county assembly	<i>efficient and timely scrutiny/ passing of bills</i>	Number of bills/policies passed in the financial year.  Number of trainings/capacity building for the MCA	In FY 20/21 several bills were discussed and passed in the Assembly and Trainings/Bench marking done.
Program 2	Objective	outcome	indicator	Performance
Training of members to improve oversight function	Enhancing Oversight Function Of The County Assembly	Members able to review executive budgets and projects in an effective manner that adds value to the county.	Reports tabled by various committees touching of OAG reports, Budget and other issues	In FY 2020/2021 members of Budget Committee, Public Accounts Committee was capacity built which has continuously improved oversight function.

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**4. MANAGEMENT TEAM**

	<p><b>CPA Gadiel Mnyambo Maghanga</b> CPA Gadiel was appointed Fund Administrator in January 2019. He has over 18 years' experience in finance industry. He is currently the Clerk Taita Taveta County Assembly since January 2019. He is a Certified Public Accountant and holds a Masters in Business Administration. D.O.B 18-7-1978</p>
	<p><b>CPA Joseph Waduu</b> CPA Waduu was appointed Fund Accountant in January 2019. He has over 5 years' experience as an accountant and 6 years' experience as an Internal Auditor. He is a Certified Public Accountant and holds a bachelor in business administration in Business Administration –finance option. D.O.B 30-6-1982</p>
	<p><b>Miss Jentah Mwaruma</b> Madam Jentah has been the assistant Fund accountant since 2015. She holds a bachelor of commerce –Finance option She has over 10 years' experience in finance industry. D.O.B 1-2-1983</p>
	<p><b>Mr Renson Peter Mambaria</b> Mr Renson is the head of Internal Audit. He has over 15 years' experience in public finance management. He has undertaken Senior Management Course and Strategic Leadership Development Programme Course. He holds a Masters in Business Administration. D.O.B 5-5-1977</p>
	<p><b>Mr Fredrick Mwabili</b> Mr Fredrick is the Principal Legal Officer He holds a bachelor of Law and Diploma in law from Kenya school of Law. He has over 5 years' experience as an advocate D.O.B 13-7-1982</p>

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**5. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT**

The County Assembly of Taita Taveta Car Loan Scheme Fund is a revolving fund established pursuant to the Salaries and Remuneration Circular no SRC/ADM/CIR/1/13/ Vol III (128) of 17th December 2014. Section 167 of the Public Finance Management Act 2012 mandates the Administrator of Public Funds with preparation of Annual Financial Statements. For proper management of the fund, the County Assembly of Taita Taveta Car Loan Scheme Fund adopted Public Finance Management (County Assembly of Taita Taveta Car Loan Scheme Fund) Regulations 2014 to guide operationalization of the Fund.

The Fund started its operations in 2014 following the gazette of the County Assembly of Taita Taveta Car Loan Scheme Fund regulation 2014. It received an initial amount of Ksh.60 (Sixty) Million. The Salaries and Remuneration Commission in its circular ref SRC/ADM/CIR/1/13 Vol.III (128) dated 17 December 2014 provided guidelines for access of Car Loan and Mortgage benefits by all state and public officers. Arising there from the County Assembly Committee Members approved and adopted the Staff Loans Policy Paper on 27th March 2014. On 20th August 2014 the Fund Committee Members approved and adopted the guidelines on internal administration of the Car Loan Scheme Funds.

The output on the funds management has enabled physical purchase of vehicles as stated in the fund and ensured that there is insurance policy for the Assembly to enable to reduce risks and defaults for loanees who do not pay their loans. However any purchase of vehicle is ensured that the logbook is registered under Assembly and the purchaser or owner of vehicle.

**Conclusion**

Financial year 2020-2021 was a year where we encountered a pandemic though it was a good year. Good progress is made and the momentum has been created to enable County Assembly of Taita Taveta Car Loan Scheme Fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in this year. I take this opportunity to thank the Hon Speaker and Members of County Assembly for their support. I would also want to thank my colleagues, All Heads in charge of other departments who we have worked hand in hand to ensure that Taita Taveta County Assembly achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Taita Taveta County.



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**Hon. Harris Keke**  
*Fund Administration Committee*

**The County Assembly of Taita Taveta Car Loan Scheme Fund  
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**6. REPORT OF THE FUND MANAGER/ADMINISTRATOR**

It is my pleasure to present the County Assembly of Taita Taveta Car Loan Scheme Fund Financial Statements for the year ended 30th June 2021. The financial statements present the financial performance of the fund over the past year.

The fund was established on 27th March 2014 and started with an initial amount of Kshs 60M. Since then, a total of 85 loan beneficiaries have made borrowings amounting to Kshs 70.82 M.

**Financial Performance**

**a) Revenue**

In the year ended 30<sup>th</sup> June 2021, the fund had no projections due to outbreak of covid -19 and funds delay. However repayments were attained at Kshs. 14,452,273.85.

**b) Loans**

During the financial year 2020/2021, the fund had disbursed 19 Loans totalling to Kshs 19,820,000.

**c) Cash flows**

In the FY 2020/2021, the cash and cash equivalents increased from KShs 4,456 as at 30th June 2020 to KShs. 723,400 as at 30th June 2021.

**d) Risk Management Strategies.**

To ensure all loans are paid in full and reduce the risk of defaulting loans are repaid via cheque off system i.e. recovery via payroll.

We have taken insurance to safeguard the outstanding loans.

**e) Conclusion**

FY 2020/2021 was a good year in general. Good progress was made and the momentum has been created to enable County Assembly of Taita Taveta Car Loan Scheme Fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years. I take this opportunity to thank the Fund Committee Members for their support. I would also want to thank all staff who we have worked hand in hand to ensure that County Assembly of Taita Taveta Car Loan Scheme Fund achieves its mission.



Signed: \_\_\_\_\_

CPA Gadiel Mnyambo Maghanga

ICPAK NO: 24552

**Fund Administrator– Car Loan Fund**

## **7. CORPORATE GOVERNANCE STATEMENT**

Corporate governance is the system of rules and institutions that determine the control and direction of the corporation and that define relations among the corporation's primary participants. It is the mechanisms that are used to "govern" managers to ensure that the actions they take are consistent with the interests of key stakeholder. The governance framework determines whom the organisation is there to serve and how the purposes and priorities of the organisation should be decided. It is concerned with both the functioning of the organisation and the distribution of power aiming at different stakeholders. In addition to shareholders, lots of other people are affected by the company and have a stake in how it behaves.

The company ought to take its various interests into account alongside those of shareholders in all its activities. They can be regarded as investing in it each in their own way, whether through their capital, their work lives, their purchasing loyalty, or their local support and infrastructure.

Broadly speaking, corporate governance generally refers to the processes by which organisations are directed, controlled and held accountable. It encompasses authority, stewardship, leadership, direction and control exercised in companies and corporations. Governance is concerned with structures and processes for decision making, accountability, control and behaviour at the top of organisations. The bottom line is about power, how it's used and controlled.

a. Number of Fund Administration Committee meetings held and the attendance to those meetings by members, In the financial year 2020/21 the Fund Administration committee had five sittings/ meetings of which they approve loans prior to the payment of the same.

b. existence of a service charter,

The funds administration committee has a document known as The Public Finance Management (County Assembly of Taita Taveta Car Loan Scheme Fund) Regulations, 2015 which guide the committee in the administration of Funds. Plans are underway in the financial Year 2021/2022 to document a service charter that will guide all stake holders.

c. process of appointment and removal of trustees/ Administration Committee members,

(1) There is an established committee known as the County Assembly Members Car Loans Management Committee, which consists of-

(a) the vice-chairperson of the Board who shall be the chairperson;

(b) The Minority Leader of the County Assembly

(c) The chairman of the Finance Committee of the County Assembly

(d) The Majority Whip of the County Assembly; and

(e) The Minority Whip of the County Assembly;

(f) The Clerk of the County Assembly.

(g) The Chief Officer Finance and Planning or an officer designated by him to represent him and who must be of good standing.

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Any changes in the appointment and removal of members of county assembly (MCA) to various positions in their respective political parties affect directly the appointment and removal of individuals in the County Assembly Members Car Loans Management Committee

- (2) The officer administering the Fund is an *ex-officio* member of the Committee and the secretary to the Committee.
- (3) The Committee administers the Fund and -
  - (a) processes applications for loans in accordance with the existing terms and conditions of borrowing;
  - (b) liaise with the housing company (if any) to set up a revolving fund for the disbursement of the loans; and
  - (c) Supervises the day-to-day running of the Fund.
- (4) The meetings of the Committee are convened by the chairman or in the absence of the chairman, by a member designated by the chairperson and are convened at such times as may be necessary for the discharge of the Committee's functions.
- (5) The quorum for a meeting of the Committee is the chairman and any three members.

Notwithstanding regulation (3) above, the Board may, if it considers it appropriate to do so, appoint a Car loan institution to administer the Fund on its behalf.

*d. roles and functions of the Administration Committee members,*

- (1) The officer administering the Fund -
  - (a) supervises and controls the administration of the Fund;
  - (b) utilizes the interest accruing thereto to defray operating expenses, and may impose any reasonable restriction or other requirements concerning such use;
  - (c) cause to be kept books of accounts and other books and records in relation to the Fund and for all loans financed from the Fund;
  - (d) prepares, signs and transmits to the Auditor-General in respect of each financial year and within three (3) months after the end thereof, a statement of accounts relating to the Fund, prepared and signed by him specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as the Board may from time to time direct in accordance with the Public Finance Management Act;
  - (e) furnishes such additional information as may be required for the purpose of examination and audit by the Auditor-General; and
  - (f) Designates and appoint such staff as may be necessary to assist him in the administration of the Fund and may require such staff to carry out such inspections as may be necessary to verify any information submitted under these Regulations.

The responsibilities of the mortgage institution, if any, appointed under these Regulations shall be-

- (a) to operate individual accounts for each borrower, which shall provide details of recoveries of the loan;
- (b) to charge security on properties acquired through loans from the Fund to protect the interests of the Fund and act as custodian of such charges;

**The County Assembly of Taita Taveta Car Loan Scheme Fund  
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- (c) to disburse cheques for newly approved loans to various vendors, after the necessary documentation is completed by the Committee;
- (d) to pay all outgoings and issue demand notices where necessary to members through the officer administering the Fund;
- (e) upon repayment of the loan, interest and other expenses which may be outstanding, to discharge the charge and release the security documents to the borrower; and
- (f) Upon default, to call in the loan and on behalf of the Board sell the charged property by public auction or private treaty, in which event the Fund shall meet any shortfall between the loan outstanding and the proceeds of sale.

*e. induction and training, Administration Committee members and member's performance, Induction and Training was conducted in the Financial year 2017/2018. Since then same members have been on board. We plan for bench marking in the financial year 2021/2022 so as to learn more from other County Assemblies.*

*f. board remuneration,*

*The committee is entitled to the following:*

*The chairperson, Vice Chair and member are paid a sitting allowance of Kshs 6,500, Kshs 5,200 and Kshs 3,900 per sitting respectively.*

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**8. MANAGEMENT DISCUSSION AND ANALYSIS**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of County Assembly of Taita Taveta Car Loan Scheme Fund established by The Taita Taveta County Assembly Gazette Supplementary No. 16, 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 Fund is responsible for the preparation and presentation of the County Assembly of Taita Taveta Car Loan Scheme 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, 2021. 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 County Assembly of Taita Taveta Car Loan Scheme 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 Taita Taveta County Assembly Gazette Supplementary No. 16. The Administrator of the Fund is of the opinion that the County Assembly of Taita Taveta Car Loan Scheme Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

The major challenges facing the fund are the inadequacy of funds resulting to partial payments of the loans to the beneficiaries.

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**9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

County Assembly through its Staff welfare organises visits to Children homes where they donate food and clothing.

The organisation ensures responsible competition practices by:

Ensuring that the funds are issued fairly to the members, the committee considers the net salary i.e. the ability to pay the loan, security of the loan and all requirements should be met prior to the payment.

To ensure Responsible Supply chain and supplier relations, The Organisation ensures all procurement processes are followed from advertisement of tender to award of tender to the qualified Contractor. Currently all procurements are done via ifmis platform as such its open and transparent to all suppliers.

The efforts to safeguard consumer rights and interests are :

- (a) Protect employee's data and privacy
- (b) Respond meaningfully to employee concerns
- (c) Maximise benefits and minimise risks
- (d) Be transparent
- (e) Commit to sustainability and human rights

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**10. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Fund affairs.

**10.1 Principal activities**

The objective and purpose of the Fund is to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.

**10.2 Performance**

The performance of the Fund for the year ended June 30, 2021, are set out on the financial statements

**10.3 Trustees**

The members of the Board of Trustee / Administration Committee who served during the year are shown on page 4.

**10.4 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.



**Sign:**

**Name: Hon. Harris Keke**

**Fund Administration Committee**

**Date: 6th April, 2022**

**The County Assembly of Taita Taveta Car Loan Scheme Fund  
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**11. 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 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. 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, 2021, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 6th April, 2022 and signed on its behalf by:



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CPA Gadiel Mnyambo Maghanga  
ICPAK NO: 24552  
**Fund Administrator– Car Loan Fund**

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**01 September, 2022**

was to be given a car grant of Kshs.2,000,000. However, the Management did not provide evidence to prove that the requisite tax payable by the beneficiaries was deducted and remitted to Kenya Revenue Authority.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance 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 overall governance were not effective.

### **Basis for Conclusion**

#### **Failure to Develop Risk Management Strategy**

As previously reported, the Fund Management has not developed risk management strategies including fraud prevention mechanism or a system of risk management and internal control that builds robust business operations.

In the circumstances, Management's effectiveness in handling risks could not be ascertained.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness

### **3. Unsupported Reserves**

The statement of financial position reflects reserves of Kshs.8,825,724 being a debit balance. However, the reserves were described as revaluation gain in the statement of changes in net assets for the year ended 30 June, 2021 despite the same being a debit balance. Further, the Management did not provide details of the revalued assets and a valuation report to support the balance.

In the circumstances, the accuracy of the reserves balance of Kshs.8,825,724 could not be confirmed.

### **4. Unsupported Revolving Fund**

The statement of financial position as at 30 June, 2021 reflects a revolving fund balance of Kshs.63,823,220, being an increase of Kshs.10,455,000 from the fund balance of Kshs.53,368,220 reported as at 30 June, 2020. The increase relates to funds borrowed from the Taita Taveta County Assembly Mortgage Scheme. Although the Management explained that the amount was advanced to the Mortgage Fund in 2018/2019 and was refunded in 2020/2021, it was not disclosed as a receivable in the Car Loan Fund's financial statements for 2018/2019 and 2019/2020 financial years. Further, the amount was also not disclosed in the financial statements of Taita Taveta County Assembly Mortgage Scheme Fund.

In addition, it was not explained under what circumstances the Mortgage Scheme Fund financed the Car Loan Scheme Fund.

In the circumstances, the accuracy, completeness and regularity of reserves of Kshs.63,823,220 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final revenue budget of Kshs.22,800,000 against an actual revenue of Kshs.22,064,413 resulting in

under realization of Kshs.735,587 or 3%. Included in the revenue budget are loan recoveries and transfers from Mortgage Fund of Kshs.15,000,000 and Kshs.6,800,000, respectively. The statement also reflects an expenditure budget of Kshs.22,800,000 against actual expenditure of Kshs.19,845,330 or 87%, resulting in a net under expenditure of Kshs.2,954,670 of the budget.

The under absorption of the approved budget is an indication that some loan applicants may not have been funded during the year.

## **2. Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-payment of Fringe Benefits Tax**

The statement of financial performance and as disclosed in Note 4 to the financial statements reflects interest income of Kshs.950,139. The interest was earned on the car loans issued to the members and staff of the County Assembly at the rate of 3% per annum. However, the Fund did not compute and remit fringe benefits tax to Kenya Revenue Authority as required by Section 12 B of the Income Tax Act Cap 470 which states that, 'notwithstanding any other provision of this Act, a tax to be known as fringe benefit tax shall be payable commencing on the 12 June, 1998 by every employer in respect of a loan provided at an interest rate lower than the market interest rate.'

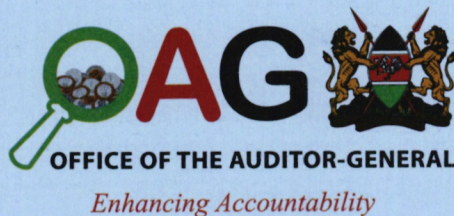
In the circumstances, Management was in breach of the law.

#### **2. Non-deduction of Statutory Dues**

Review of records indicated that the Management made cash payments of Kshs.7,950,000 and wrote off car and mortgage loans of Kshs.65,998,255 advanced to Members of the County Assembly and the Speaker. Through a directive each member

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## **REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF TAITA TAVETA CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of County Assembly of Taita Taveta Car Loan Scheme Fund set out on pages 18 to 57, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial

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*Report of the Auditor-General on County Assembly of Taita Taveta Car Loan Scheme Fund for the year ended 30 June, 2021*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Taita Taveta Car Loan Scheme Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the County Assembly of Taita Taveta Car Loan Scheme Fund Regulations, 2020.

### **Basis for Qualified Opinion**

#### **1. Unsupported Receivables from Non-Exchange Transactions**

Note 12A to the financial statements reflects a transfer to Taita Taveta County Assembly Mortgage Scheme Fund of Kshs.1,050,000 and transfer from Taita Taveta County Assembly Mortgage Scheme Fund of Kshs.6,662,000, resulting in net transfers to Taita Taveta County Assembly Car Loan Scheme Fund of Kshs.5,612,000. The Management indicated that the transfers were borrowings between the Funds to finance various loan disbursements. However, the net amount of Kshs.5,612,000 which is a liability owed by the Mortgage Scheme Fund is omitted from the financial statements. Further, the basis of the transfers, approvals and procedures followed were not explained or disclosed by the Management.

In the circumstances, the accuracy and regularity of the transfers totalling Kshs.5,612,000 could not be confirmed.

#### **2. Unsupported Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 11 to the financial statements reflects current and long term receivables of Kshs.5,788,195 and Kshs.13,848,228 all totalling to Kshs.19,636,423 and opening balance of Kshs.44,419,747. However, the loans movement schedule provided for review indicates receivables opening balance of Kshs.43,560,051, resulting in a variance of Kshs.859,696 which was not explained or reconciled.

Further, the general ledger indicates outstanding loans of Kshs.25,582,745 against the financial statements balance of Kshs.19,636,423, resulting in an unexplained and unreconciled variance of Kshs.5,946,322.

In the circumstances, the accuracy and completeness of the long-term receivables from exchange transactions of Kshs.19,636,423 could not be confirmed.

### **13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **1. 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.

The County Assembly of Taita Taveta Car Loan Scheme Fund  
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13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED  
 30TH JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	KShs	KShs	KShs	KShs	KShs	
<b>Revenue</b>						
Public contributions and donations	-	-	-	-	-	0%
Transfers from mortgage.	6,800,000	-	6,800,000	6,662,000	138,000	98%
Interest income	1,000,000	-	1,000,000	950,139	49,861	95%
Loan recoveries	15,000,000	-	15,000,000	14,452,274	547,726	96%
<b>Total income</b>	<b>22,800,000</b>	<b>-</b>	<b>22,800,000</b>	<b>22,064,413</b>	<b>735,587</b>	<b>97%</b>
<b>Expenses</b>						
Fund administration expenses	-	-	-	-	-	
General expenses	30,000	-	30,000	25,330	4,670	84%
Loan Disbursed	22,770,000	-	22,770,000	11,850,000	10,920,000	52%
Grant paid	-	-	-	7,970,000	7,970,000	0%
<b>Total expenditure</b>	<b>22,800,000</b>	<b>-</b>	<b>22,800,000</b>	<b>19,845,330</b>	<b>2,954,670</b>	<b>87%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,219,083</b>	<b>(2,219,083)</b>	

**The County Assembly of Taita Taveta Car Loan Scheme Fund**  
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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Adoption of new and revised standards**

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021**

Standard/ Amendments: Applicable: 1 <sup>st</sup> January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

***b) Financial liabilities***

**Initial recognition and measurement**

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

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

**Loans and borrowing**

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

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

**4. 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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**5. Provisions**

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

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

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

**Contingent liabilities**

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

## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **3. Financial instruments**

#### **a) Financial assets**

##### **Initial recognition and measurement**

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

##### **Loans and receivables**

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

##### **Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

##### **Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13.5 of these financial statements.

**5. 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.

**2. 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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

**3. 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.

**4. Budget information**

The original budget for FY 2020/2021 was approved by the County Assembly on on 10<sup>th</sup> June, 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 10<sup>th</sup> June, 2019 on the FY 2020/2021 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were

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Standard	Effective date and impact:
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows.</li> </ul>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2022:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

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<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).          Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>	<p>There was no impact in the reporting.</p>
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**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021**

Standard	Effective date and impact:
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Market risk**

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

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

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

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

**d) 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

		Other currencies	Total
	KShs	KShs	KShs
<b>At 30 June 2021</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2020</b>			
Euro	10%	-	-
USD	10%	-	-

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>%</b>	<b>%</b>

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**14. NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2020/2021	2019/2020
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – Treasury	-	1,823,220
Transfers from mortgage Fund. – TTCA	-	-
<b>Total</b>	<b>-</b>	<b>1,823,220</b>
Monthly deduction erroneously reversed to Executive	-	-
<b>Total</b>	<b>-</b>	<b>1,823,220</b>

**3. Fines, penalties and other levies**

Description	2020/2021	2019/2020
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. Interest income**

Description	2020/2021	2019/2020
	KShs	KShs
Interest received from Car loans	716,655.00	1,127,862
Interest Accrued from Car Loans	233,484.10	305,506
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
<b>Total interest income</b>	<b>950,139.10</b>	<b>1,433,368</b>

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs (2021: KShs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs (2020 – KShs)

**f) 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:

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
<b>At 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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>Total amount KShs</b>	<b>Fully performing KShs</b>	<b>Past due KShs</b>	<b>Impaired KShs</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non -exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non -exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</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 uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due.

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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Provisions**

Provisions were raised and management determined 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.

**18. 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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**17. 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**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**12. 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.

**13. Comparative figures**

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

**14. Events after the reporting period**

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

**15. Ultimate and Holding Entity**

The entity is a County Public Fund established by Public Finance Act 2012 under the Ministry of Finance.

**16. Currency**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**9. 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.

**10. 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.

**11. 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/Trustee, the Fund Managers and Fund Accountant.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contingent assets**

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

**6. Nature and purpose of reserves**

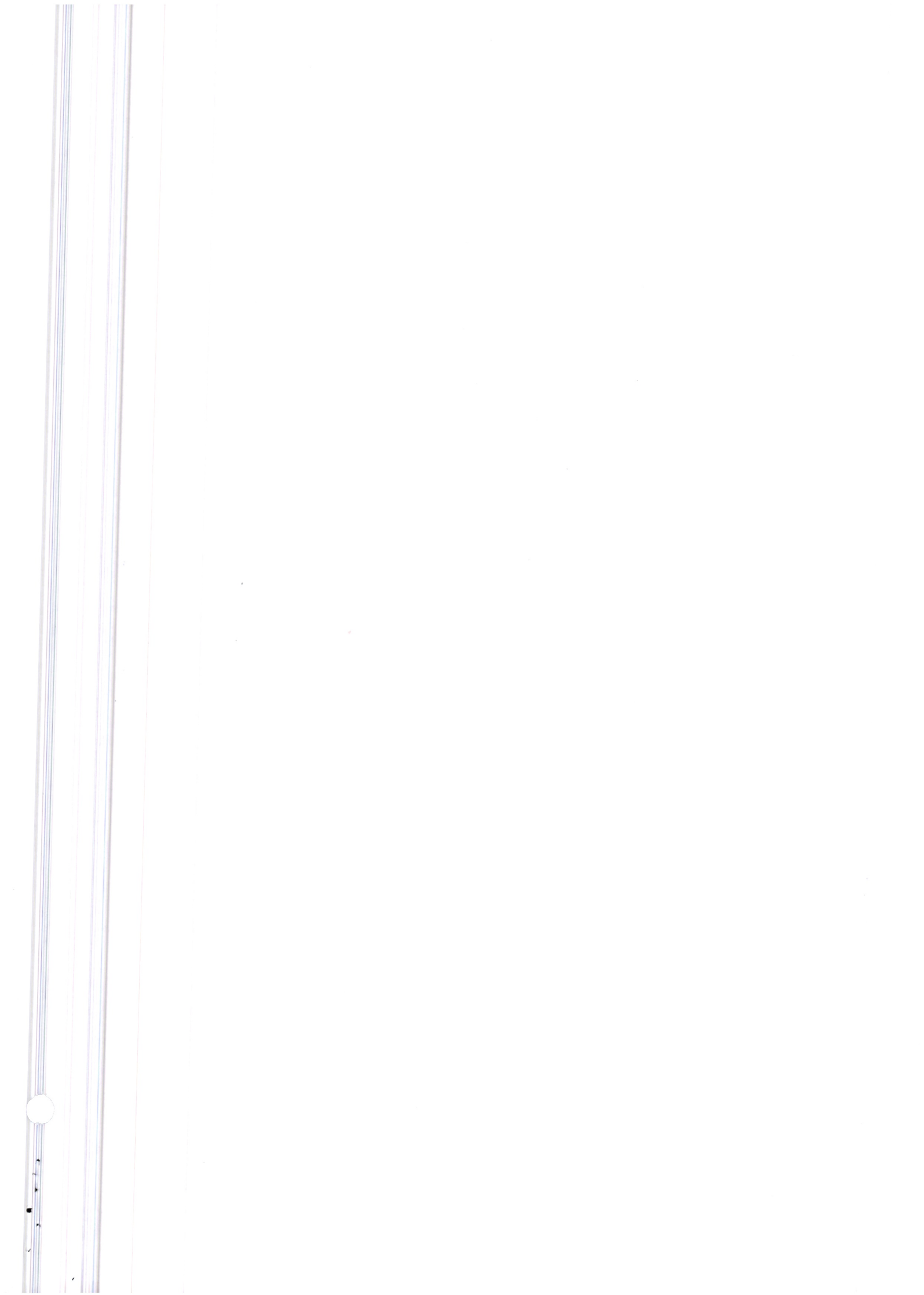
The Entity creates and maintains reserves in terms of specific requirements. Specific appropriate policies adopted and reserves maintained.

**7. 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.

**8. Employee benefits – Retirement benefit plans**

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



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**21. Cash generated from operations**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Surplus/ (deficit) for the year before tax</b>	-	-
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(-)	(-)
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	-	-

**22. Related Party Balances**

**a) Nature of related party relationships**

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

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



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13. Prepayments

Description	2020/2021	2019/2020
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
<b>Total</b>	-	-

14. Inventories

Description	2020/2021	2019/2020
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

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**5. Other income**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income		
<b>Total other income</b>	<b>-</b>	<b>-</b>

**6. Fund administration expenses**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Staff costs (Note 6A)	218,400	448,500
Loan processing costs		
Professional services costs	-	-
Administration fees	-	-
<b>Total</b>	<b>218,400</b>	<b>448,500</b>

**6A. Staff costs**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs-sitting allowances	218,400	448,500
<b>Total</b>	<b>218,400</b>	<b>448,500</b>

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**7. General expenses**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	25,330	6,300.00
Hospitality	-	-
Depreciation and amortization costs		
Other expenses-payment of mortgage balances from car grant	-	
<b>Total</b>	<b>25,330</b>	<b>6,300.00</b>

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**8. Finance costs**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Gain/(loss) on disposal of assets**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**10. Cash and cash equivalents**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
TTCA Car loan account	-	-
TTCA County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	723,400	4,456
Others	-	-
<b>Total cash and cash equivalents</b>	<b>723,400</b>	<b>4,456</b>

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Additional disclosure on interest receivable

Description	2020/2021	2019/2020
	KShs	KShs
<b>Interest receivable</b>		
Interest receivable from current portion of long-term loans of previous years	233,484	305,506.29
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	3,859,108	14,546,955.74
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	13,848,227.87	29,567,285.21

**12A. Receivables from Non-Exchange transaction**

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – Treasury	-	1,823,219.90
Transfers from Mortgage Fund . – TTCA	6,662,000	(11,050,000)
Transfers to Mortgage Fund . – TTCA	(1,050,000)	-
<b>Total transfers to and from mortgage fund</b>	<b>5,612,000</b>	<b>(9,226,780)</b>

**12B Receivables from Non-Exchange transaction-car grant**

Description	2020/2021	2019/2020
	KShs	KShs
Receivables from car grant	65,998,255	
<b>Total receivables from non-exchange transactions</b>	<b>65,998,255</b>	

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

		2020/2021	2019/2020
Financial institution	Account number	KShs	KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Co-operative Bank of Kenya		723,400	4,456
Bank B		-	-
<b>Sub- total</b>		<b>723,400</b>	<b>4,456</b>
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>723,400</b>	<b>4,456</b>

**11. Receivables from exchange transactions**

Description	2020/2021	2019/2020
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable	233,484	305,506.29
Current loan repayments due	3,859,108	14,546,956
Car Grant receivable (Overpayment)	1,695,603	
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables</b>	<b>5,788,195</b>	<b>14,852,462</b>
<b>Non-Current receivables</b>		
Long term loan repayments due	13,848,228	29,567,285
<b>Total Non- current receivables</b>	<b>13,848,228</b>	<b>29,567,285</b>
<b>Total receivables from exchange transactions</b>	<b>19,636,423</b>	<b>44,419,747</b>

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b) Related party transactions

	2020/2021	2019/2020
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2020/2021	2019/2020
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

d) Due from related parties

	2020/2021	2019/2020
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
<b>Total</b>	-	-

e) Due to related parties

	2020/2021	2019/2020
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
<b>Total</b>	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	2020/2021	2019/2020
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

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20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-

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**19. Borrowings**

Description	2020/2021	2019/2020
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestics borrowings during the period	-	-
<b>Balance at end of the period</b>	<b>-</b>	<b>-</b>

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

	2020/2021	2019/2020
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from organisation	-	-
Sterling Pound denominated loan from organisation	-	-
Euro denominated loan from organisation	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	<b>-</b>	<b>-</b>

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

Description	2020/2021	2019/2020
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	0	0
<b>Total</b>	<b>-</b>	<b>-</b>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2019/2020	2018/2019
	KShs	KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
<b>At end of the year</b>	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

17. Trade and other payables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Trade payables (overpayment by staff/mca loan )	554,531	75,526.00
Refundable deposits	-	-
Trade payable - Car grant offsetting mortgage	10,798,967	
Accrued expenses		-
Other payables -Taxes	19,800,000	-
<b>Total trade and other payables</b>	<b>31,153,498</b>	<b>75,526.00</b>

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2020)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2021)</b>	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1 <sup>st</sup> July 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30 <sup>th</sup> June 2020	-	-	-	-	-
At 1 <sup>st</sup> July 2020					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30 <sup>th</sup> June 2021	-	-	-	-	-
<b>Depreciation and impairment</b>					
At 1 <sup>st</sup> July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 <sup>th</sup> June 2020	-	-	-	-	-
At 1 <sup>st</sup> July 2020					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 <sup>th</sup> June 2021	-	-	-	-	-
<b>Net book values</b>					
At 30 <sup>th</sup> June 2020	-	-	-	-	-
At 30 <sup>th</sup> June 2021	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**24. Proceeds from Loan Principal Repayments**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Total Loan repaid	14,452,274	17,700,366
less: Interest received	(716,655)	(1,127,862)
Loan refunded-	.500,000	
<b>Total</b>	<b>14,235,619</b>	<b>16,572,504</b>

**25. Loan Disbursements Paid Out**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Loan disbursements paid out	11,850,000	8,107,500
Car Grant paid out	7,970,000	
<b>Total</b>	<b>19,820,000</b>	<b>8,107,500</b>

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**15. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.


<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Presentation of the Financial Statements		Joseph Waduu	Resolved	30 <sup>th</sup> June 2021
2.0	Outstanding Loan Balances		Joseph Waduu	Resolved	30 <sup>th</sup> June 2021

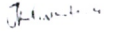
**Taita Taveta County Assembly Car Loan Scheme Fund**  
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**16. APPENDIX I: INTER-ENTITY TRANSFERS**

ENTITY NAME:				
Break down of Transfers from the County Executive of Taita Taveta County Government				
FY 2020/2021				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		<b>Total</b>	-	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		<b>Total</b>	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		<b>Total</b>	-	

The above amounts have been communicated to and reconciled with the parent Ministry.

Fund Accountant  
Taita Taveta County Assembly  
Sign  \_\_\_\_\_

Head of County Treasury at  
Taita Taveta County  
Sign--  \_\_\_\_\_

**The County Assembly of Taita Taveta Car Loan Scheme Fund  
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**13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

	Note	2020/2021 KShs	2019/2020 KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	1		
Transfers from the County Government	2		
Interest received	4	716,655	1,127,862
Receipts from other operating activities			
<b>Total Receipts</b>		<b>716,655</b>	<b>1,127,862</b>
<b>Payments</b>			
Fund administration expenses	6	-	448,500
General expenses	7	25,330	6,300
Finance cost		-	-
<b>Total Payments</b>		<b>25,330</b>	<b>454,800</b>
<b>Net cash flows from operating activities</b>		<b>691,325</b>	<b>673,062</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments	24	14,235,619	16,572,504
Loan disbursements paid out	25	(11,850,000)	(8,107,500)
Car Grant paid out	25	(7,970,000)	
<b>Net cash flows used in investing activities</b>		<b>(5,584,381)</b>	<b>8,465,004</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts	2	-	-
Additional borrowings	19	-	-
Repayment of borrowings			-
Revenue from non-exchange transaction	12A	5,612,000	
<b>Net cash flows used in financing activities</b>		<b>5,612,000</b>	<b>(9,226,780)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>718,944</b>	<b>(88,714)</b>
Cash and cash equivalents at 1 JULY 20	10	4,456	93,171
<b>Cash and cash equivalents at 30 JUNE 21</b>	<b>10</b>	<b>723,400</b>	<b>4,456</b>

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13.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>th</sup>  
 JUNE, 2021

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2019</b>	51,545,000	- 662,006	(1,477,893)	49,405,102
Surplus/(deficit) for the period		-	978,568	978,568
Funds received during the year	1,823,220	-		1,823,220
Revaluation gain	-	(8,163,718)	-	(8,163,718)
<b>Balance as at 30 June 2020</b>	<b>53,368,220</b>	<b>(8,825,723.86)</b>	<b>(499,324.38)</b>	<b>44,043,172</b>
<b>Balance as at 1 July 2020</b>	<b>53,368,220</b>	<b>(8,825,724)</b>	<b>(499,324)</b>	<b>44,043,172</b>
Surplus/(deficit) for the period	-	-	706,409	706,409
Funds received during the year	-	-	-	-
Funds borrowed from mortgage 2018-2019	10,455,000	-	-	10,455,000
Car grant paid from Revolving Fund	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2021</b>	<b>63,823,220</b>	<b>- 8,825,724</b>	<b>207,085</b>	<b>55,204,581</b>

NB: The amount of Kshs. 10,455,000 represent sum borrowed in the year 2018-2019 from mortgage fund account

The County Assembly of Taita Taveta Car Loan Scheme Fund  
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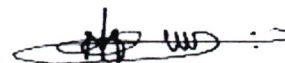
13.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	723,400	4,456
Current portion of long- term receivables from exchange transactions	11	5,788,195	14,546,956
Receivables from Non- exchange transactions-car grant	12B	65,998,255	
Prepayments	13	-	-
Inventories	14	-	-
<b>Non-current assets</b>			
Long term receivables from exchange transactions	11	13,848,228	29,567,285
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
<b>Total assets</b>		<b>86,358,078</b>	<b>44,118,697</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	31,153,498	75,526
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
<b>Non-current liabilities</b>			
Long term portion of borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
<b>Total liabilities</b>		<b>31,153,498</b>	<b>75,526</b>
<b>Net assets</b>		<b>55,204,580</b>	<b>44,043,171</b>
Revolving Fund		63,823,220	53,368,220
Reserves		(8,825,724)	(8,825,724)
Accumulated surplus		207,085	(499,324)
<b>Total net assets and liabilities</b>		<b>55,204,581</b>	<b>44,043,172</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 6th April, 2022 and signed by:



CPA Gadiel Mnyambo Maghanga  
 ICPAK NO: 24552  
**Fund Administrator- Car Loan Fund**



CPA Joseph Waduu  
 ICPAK NO: 7006  
**Fund Accountant**

The County Assembly of Taita Taveta Car Loan Scheme Fund  
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13. FINANCIAL STATEMENTS

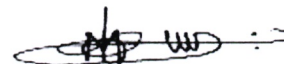
13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
 30<sup>TH</sup> JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
		-	-
<b>Revenue from exchange transactions</b>			
Interest income	4	950,139	1,433,368
Other income	5		-
		-	-
<b>Total revenue</b>		<b>950,139</b>	<b>1,433,368</b>
<b>Expenses</b>			
Fund administration expenses	6	218,400	448,500
General expenses	7	25,330	6,300
Finance costs	8	-	-
<b>Total expenses</b>		<b>243,730</b>	<b>454,800</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9		
<b>Surplus/( deficit) for the period</b>		<b>706,409</b>	<b>978,568</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 6th April, 2022 and signed by:



CPA Gadiel Mnyambo Maghanga  
 ICPAK NO: 24552  
**Fund Administrator– Car Loan Fund**



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 ICPAK NO: 7006  
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