

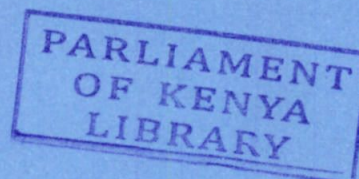
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

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

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

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep May/wh/r
COMMITTEE	
CLERK AT THE TABLE	Mariam



OFFICE OF THE AUDITOR - GENERAL
ISIOLO REGION OFFICE
17 DEC 2024
P. O. Box 1027 - 60300, ISIOLO
RECEIVED

SAMBURU COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND

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

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

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

Table of Content

1. Key Entity Information and Management	iii
2. The Board of Trustees (or any other governing body for the Fund)	v
3. Management Team	vii
5. Report of The Fund Administrator	x
6. Statement of Performance Against the County Fund's Predetermined Objectives	xi
7. Corporate Governance Statement	xii
8. Management Discussion and Analysis	xiii
9. Environmental and Sustainability Reporting	xiv
10. Report of The Trustees	xv
11. Statement of Management's Responsibilities	xvi
12. Report of The Independent Auditor	xvii
13. Statement of Financial Performance For The Year Ended 30th June 2022	1
14. Statement of Financial Position As At 30 June 2022	3
15. Statement Of Changes in Net Assets for the year ended 30 th June 2022	5
16. Statement Of Cash Flows For The Year Ended 30 June 2022	6
17. Statement Of Comparison Of Budget And Actual Amounts For The Period	8
18. Notes to the Financial Statements	9
19. Progress On Follow Up Of Prior Year Auditor's Recommendations	38

1. Key Entity Information and Management

a) Background information

SAMBURU COUNTY ASSEMBLY CAR LOAN AND MORTGAGE is established by and derives its authority and accountability from the public finance management Act on 2012. The Fund is wholly owned by the County Assembly of Samburu and is domiciled in Kenya.

The fund's objective is to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme.

The Fund's principal activity is to advance mortgage facilities to the members of the scheme for purposes of acquiring and owning residential properties.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to advance mortgage facilities to the members of the scheme for purposes of acquiring and owning residential properties.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon. Stephen Lenamarle	Chairman of the Board
2	Hon. Leinas Lekuchula	Vice-Chairman of the Board
3	Hon. Ali Lealmusia	Other trustees/Committee Members
4	Mr. Elijah Lolpirdai	Other trustees/Committee Members
5	Ms. Joyce Lepadaasa	Other trustees/Committee Members

d) Key Management

Ref	Name	Position
1	Hon. Leinas Lekuchula	Chairman of the Fund
2	Hon. Ali Lealmusia	Vice-Chairman of the Fund
3	Mr. Fred Lenapeer	Fund Manager/ Administrator
4	Mr. Nelson J. Lesorogol	Director Finance and Accounting
5	Ms. Faustine S. Leshornai	Director HRM
6	Ms. Pascaline N. Letipila	Legal Officer
7	Mr. Feisal A. Abdi	Fund Accountant

Registered Offices

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

P.O. Box 3-20600
Samburu County Assembly Building
Maralal-Baragoi Road
Maralal, KENYA

e) Fund Contacts

Telephone: (254) 721818492
E-mail: pleshore@countyassembly.go.ke
Website: www.samburuassembly.go.ke

f) Fund Bankers

- 1) KCB BANK GROUP LTD – Maralal Branch





g) Independent Auditors

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

h) Principal Legal Adviser

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

2. The Board of Trustees (or any other governing body for the Fund)

Name	Details of qualifications and experience
	<p>1. Hon. Stephen Lenamarle</p> <p>The Speaker of the County Assembly of Samburu and serves as the Chairman of the County Assembly Service Board (CASB). He also chairs the Board of Trustees for the Mortgage Fund. Born on November 20, 1980. Hon. Lenamarle holds a Bachelor of Science degree in Education with a specialization in Chemistry and Mathematics.</p>
	<p>2. Hon. Leinas Lekuchula</p> <p>Member of County Assembly for Lodokejek Ward and Vice-chairman of the County Assembly Service Board. Chairman of the Mortgage Fund Management Committee. Holds certificate in Human Resource from University of Nairobi. Born in on 20th Jun 1980.</p>
	<p>3. Hon. Ali Lealmusia</p> <p>Member of County Assembly for Ndoto Ward and Member of the Mortgage Fund Board of Trustee. Holds CPA section II. Born on 13th December 1968</p>
	<p>4. Mr. Fred Lenapeer</p> <p>The Clerk of the County Assembly is also the Secretary to the County Assembly Service Board and serves as the Fund Administrator of the Mortgage Fund. Born on April 4, 1970, the Clerk holds a Bachelor of Arts degree in Language and Literary Studies(Linguistics option).</p>



5. Mr. Elijah Lolpirdai





A member of the Board, he holds a Bachelor's Degree in Education Arts, specializing in History, Government, and Christian Religious Education (CRE). With over eight years of teaching experience, he brings valuable expertise in education to his role. Born on 30th August 1988






6. Ms. Joyce Lepadaasa

Born on April 24, 1982, she is a Board Member with a Bachelor's Degree in Medical Laboratory Science. She brings over 12 years of professional experience to her role, showcasing her expertise in the field.

7. Management Team

Name	Details of qualifications and experience
	<p>1. Hon. Leinas Lekuchula</p> <p>Member of County Assembly for Lodokejek Ward and Vice-chairman of the County Assembly Service Board.</p> <p>Chairman of the Mortgage Fund Management Committee. Holds certificate in Human Resource from University of Nairobi. Born in on 20th Jun 1980..</p>
	<p>2. Hon. Ali Lealmusia</p> <p>Member of County Assembly for Ndoto Ward and Member of the Mortgage Fund Board of Trustee. Holds CPA section II. Born on 13th December 1968</p>
	<p>3. Mr Fred Lenapeer</p> <p>The Clerk of the County Assembly is also the Secretary to the County Assembly Service Board and serves as the Fund Administrator of the Mortgage Fund. Born on April 4, 1970, the Clerk holds a Bachelor of Arts degree in Language and Literary Studies (Linguistics option).</p>
	<p>4. Mr Nelson J Lesorogol</p> <p>CPA Lesorogol is the Director Finance and Accounting. Joseph Nelson. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Membership No. 22366. He holds a Master's degree in Business Administration specializing in</p>

	<p>Finance and a Bachelor's degree in Commerce (Accounting). He was born on May 5, 1990.</p>
	<p>5. Ms. Faustine S. Leshornai CHRP Leshornai Faustine Sein is the Director of Human Resource and Administration, and a Human Resource professional. Additionally, she is a member of the Institute of Human Resource Management (IHRM), Membership No. 6456. She holds a Master's degree in Business Administration with a specialization in Human Resource (HR) and a Bachelor's degree in Business Administration, also focused on HR. She was born on April 15, 1980.</p>
	<p>6. Ms. Pascaline N. Letipla Naanyu Letipila, is a senior legal officer at the legal department. She has a degree in law (LL.B) and Bachelors in Arts. (BA). She was born in February 25th 1984.</p>
	<p>7. Mr Feisal A Abdi Serves as the Fund Accountant to the Mortgage Fund. He holds an undergraduate degree in Bachelor of Commerce from the University of Nairobi and a Master's degree in Science (MSc) Finance and Investment from the same institution. Born 12th Aug 1986</p>

8. Board/Fund Chairperson's Report

First and foremost I wish to thank the County assembly Service Board and the mortgage management committee for their unrelenting effort in making sure the fund lives to deliver on its intended objectives.

I wish to put forth that with regards to the governing board and management committee members, there is no change in the composition of the same. It is anticipated that the two committees will oversee the operations of the fund until the end of the term of the current house.

It is with humility that I report that we have so far managed to offer loan facilities to more than seventy five (75%) percent of our staff and all honourable members serving in the current house.

Going forward it is expected that more loans will be recovered and the same used to offer loans to the remaining lot of our staff members.

The Fund will also be in a position to cater for its operations cost in the future after the enactment of the revised mortgage regulation which is currently on the table of the board of trustees.

Signed:  _____

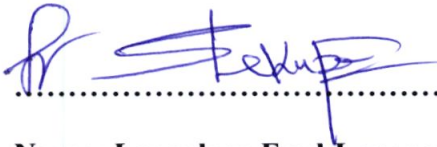
Hon. Leinas Lekuchula
Chairman of the Fund

9. Report of The Fund Administrator

The fund expected to recover mortgage repayments and use the same funds to offer mortgage facilities to members of staff and other disbursements. The fund managed to disburse a total of Kenya Shillings Fifty Eight Million Seven Hundred And Sixty Thousand. **(Kshs. 58,760,000.00)** to Members of The County Assembly and Members of staff for FY 2023-2024.

The Fund over the years have advanced mortgage facilities to members of staff and honourable members which have helped them in realising their dreams of acquiring and owning the residential properties.

The fund have been experiencing challenges in terms of data management because there was no mortgage management system in place in the past. We have exponential growth in data related to mortgage loans which prompted to the procurement and acquisition of a mortgage management system in the current financial year. The said system is expected to minimise financial errors as well as ensuring the accurate and safe custody of mortgage record going forward.



.....

Name: Leparleen Fred Lenapeer

Fund Administrator

10. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

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

The Samburu County Assembly Staff Mortgage Scheme Fund has no mandate to carry out any development activities within the County. It is therefore accurately reported here that the Fund did not plan for and has not carried out any development activities in the financial year ended 30 June, 2022.

11. Corporate Governance Statement

The Fund Administration Committee held eighteen meetings in the financial year under audit which was attended by a majority of the committee members.

There were no deliberations on succession plan in the various committee meeting since the mortgage regulations guides on who holds office and for what durations.

The mortgage fund does not have any service charter but the committee members have envisioned to adopt one in the near future.

The mortgage fund regulation provides the mechanisms for office holders.

The mortgage fund has no means of undertaking and trainings and development programs for its management committee members because the regulation that guides the fund does not provide for such costs.

The fund administration committee had no any conflict of interest registered in the period under review.

The board of trustees does not benefit from any remuneration package from the mortgage fund for the period the fund had been in existence because the regulation guiding the fund did not envision the need for such expenditure.

The fund is guided by the public officers' ethics Act since the fund has got no self-made code of conduct for its members and administrators. The board of trustees did not carry out any governance audit on the fund for the period under review.

12. Management Discussion and Analysis

The fund expected to recover mortgage repayments and use the same funds to offer mortgage facilities to members of staff and other disbursements. The fund managed to disburse a total of Kenya Shillings Fifty Eight Million Seven Hundred And Sixty Thousand. **(Kshs. 58,760,000.00)** to Members of The County Assembly.

The Fund management also managed to make loan recoveries to the tune of Kenya Shillings Fifty Six Million Six Hundred and Forty Five Thousand One Hundred and Thirty Seven **(Kshs. 56,645,137)** in the financial year ended 30 June, 2024.

The Fund over the years has advanced mortgage facilities to members of staff and honourable members which have helped them in realising their dreams of acquiring and owning residential properties.

13. Environmental and Sustainability Reporting

The Samburu County Assembly Staff Mortgage Scheme Fund have no CSR activities done in the financial year ended 30 June, 2024 due to lack of proper strategies, policies and regulations. The fund administration envision to adopt various policies in the near future which will enable it engage in the said activities going forward.

14. Report of The Trustees

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

Principal activities

The principal activities of the Fund is to *continue* providing mortgage facilities to the members of the scheme for purposes of acquiring and owning residential properties.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page one.

Trustees

The members of the Board of Trustees who served during the year are shown on page iii.

There were no changes in the Board during the financial year 2023-2024.

Auditors

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

By Order of the Board



.....
Chair of the Board/Fund Administration Committee

Date:

15. Statement of Management's Responsibilities

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

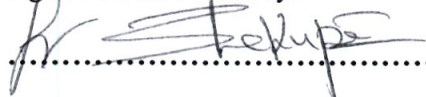
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i)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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Samburu County Assembly Staff Mortgage Scheme *Fund*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

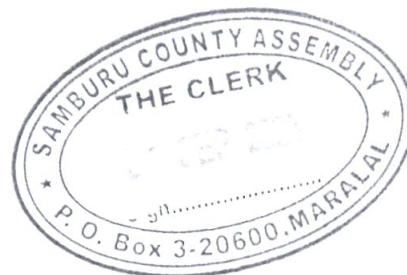
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention 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 28/09/ 2024 and signed on its behalf by:

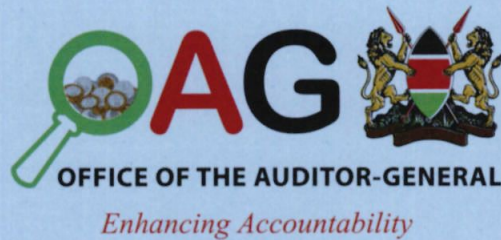

.....

Administrator of the County Public Fund



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Samburu County Assembly Car Loan and Mortgage Fund set out on pages 1 to 37, which comprise the statement of

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

financial position as at 30 June, 2024, and statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Samburu County Assembly Car Loan and Mortgage Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Samburu County Assembly Car Loan and Mortgage Fund Regulations, 2021 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies of Financial Statements

The financial statements presented for audit had the following inaccuracies:

- a) Statement of financial position reflects total net assets and liabilities balances of Kshs.315,310,895 and Kshs.363,138,607 for 2023/2024 and 2022/2023 respectively, However, a recast of the balances resulted to new balances of Kshs.319,543,435 and Kshs.367,371,147 resulting to unexplained variances of Kshs.4,232,540 for both of them. Further, the statement of financial position total assets balances of Kshs.364,150,844 and Kshs.367,371,147 for 2023/2024 and 2022/2023 respectively did not balance with the total net assets and liabilities balances of Kshs.315,310,895 and Kshs.363,138,607 resulting to variances of Kshs.49,628,606 and Kshs.4,232,540 respectively.
- b) Statement of cash flows reflect cash and cash equivalents as at 30 June, 2024 balance of Kshs.1,237,857 while a recast of the amount resulted to a new balance of Kshs.1,241,998 resulting to unreconciled balance of Kshs.4,141 which is indicated as repayment of borrowings- Bank charges under Cashflows from financing activities.
- c) Statement of cash flows reflects Net cash flows from operating activities balance of Kshs.10,310,895 while Note 21 supporting the amount reflects a negative balance of Kshs.7,098,663. Further, a recast of Note 21 resulted in a new negative balance of Kshs.6,235,765 resulting in unexplained variance of Kshs.862,898.
- d) Note 24 (d) as capital risk management reflects total funds balance Kshs.380,194,465 while a recast of the amount resulted to a new balance of Kshs.315,315,036 resulting to unexplained variance of Kshs.64,879,429.

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

2. Discrepancies in Reported Interest Income

The statement of financial performance and as disclosed in Note 4 to the financial statements reflects a balance of Kshs.10,315,036 in respect to interest income for the year ended 30 June, 2024. However, no supporting documents including interest calculations, relevant loan data or amortization schedules were provided for audit review. Further, the statement of cash flows reflects interest income of Kshs.29,175,089 which was not supported nor reconciled with the amount reported in the statement of financial performance.

In the circumstances, the accuracy of the Kshs.10,315,036 interest income for the year ended 30 June, 2024 could not be confirmed.

3. Cash and Cash Equivalents

3.1 Discrepancies in the Cash Book Balance

The statement of financial position and as disclosed in Note 11 to the financial statements reflects Kshs.1,237,857 in respect to cash and cash equivalents. However, the cashbook reflects an overdraft balance of Kshs.11,754,955. The discrepancies in the balances have not been explained.

In the circumstances, the accuracy of the cash and cash equivalent balance of Kshs.1,237,857 could not be confirmed.

3.2 Failure to Prepare and Submit Bank Reconciliations Statements

The statement of financial position and as disclosed in Note 11 to the financial statements reflects Kshs.1,237,857 in respect to cash and cash equivalents. However, the balance was not supported by monthly bank reconciliations contrary to Regulation 90(1) of the Public Finance Management-County Government Regulations, 2015 which requires that an accounting Officers shall ensure bank account reconciliations are completed for each bank account held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent months to the County Treasury with a copy to the Auditor-General.

In the circumstances, the accuracy of the cash and cash equivalent balance of Kshs.1,237,857 as at 30 June, 2024 could not be confirmed.

4. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.4,232,540. As previously reported, although the balance relates to refundable deposits, Management did not explain their nature or support them by way of creditors' ledger and statements.

In the circumstances the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.4,232,540 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues nor disclosed all the prior year matter as provided by the Public Sector Accounting Standards Board templates.

Other Information

The Management is responsible for the other information set out on page iii to xvi which comprise of Key Entity Information and Management, The Board of Trustees, Management Team, Chairman's Statement, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-compliance on Presentation of Financial Statements

The annual reports and financial statements prepared and presented for audit were not prepared as per the revised reporting template for the financial year 2023/2024 prescribed by the Public Sector Accounting Standards Board, as indicated below;

- i. The Board of Trustees disclosure lacked date of birth, key academic and professional qualifications, and work experience. Further, it was not indicated whether the trustee is independent or an executive director and which committee of the Board the trustee chairs where applicable. In addition, Fund administrator/ Secretary to the Board was not disclosed.
- ii. Management team disclosure lacked a concise description of date of birth, key academic and professional qualifications, work experience and the main area of responsibility.
- iii. The financial statements balances have been presented in decimal points, contrary to PSASB template requiring all amounts to be presented in whole numbers.

In the circumstances, the financial statements do not comply with the reporting template prescribed by the Public Sector Accounting Standards Board (PSASB).

2. Lack of Security for Mortgage Loans Disbursed

As previously reported, the statement of financial position as at 30 June, 2024 and as disclosed in Note 12 to the financial statements reflects a balance of Kshs.392,876,733.14 as receivables from exchange transactions which include Kshs.347,150,843.50 in respect to long-term repayments due on loans to Members of County Assembly and Staff. However, no collateral was charged to secure the loans contrary to section 16(1) of the Samburu County Assembly Car Loan and Mortgage Fund Regulations, 2021 which states that the Committee shall have a charge registered on the property financed through a loan granted under these Regulations and shall be entitled to have its name entered in all documents of title for such property. Further, the mortgages granted to members did not take out and maintain a mortgage fire policy and life policy with an approved insurance firm contrary to Regulation 17(1) of the Fund Regulations.

In the circumstances, Management was in breach of law.

3. Non-Adherence to Fund Regulations

As previously reported, loan records revealed instances of non-compliance with the Samburu County Assembly Car Loan and Mortgage Fund Regulations, 2021 as detailed below: -

- i) There were no evidences that valuations were done where loans were used to buy land and developed properties.
- ii) There was no monitoring and evaluation of projects financed by the scheme to foresee that the monies sent to the borrowers were utilized for the intended purpose.
- iii) Loans were issued to members without duly completed loan applications. Files presented for audit review revealed that some applications did not indicate amounts applied for, particulars of the property, purpose of loan, applicant's signature and approval by Fund Management Committee.
- iv) Applicants did not sign offer letters/agreements indicating amount applied for, repayment period, terms and conditions of the loans.
- v) Loan applications were not accompanied by copies of approved designs, bills of quantities, official search of the property intended to be purchased, certified copy of sale agreement and ownership documents that are authentic and certified by the County Executive Committee Member in charge of lands, physical planning and housing.
- vi) The borrowers did not provide transfer deeds duly signed by the borrower and a letter authorizing the fund committee to sell the property in case of default in payment contrary to Part XII of the third schedule to the fund regulations.

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy

As previously reported, the Fund did not have a Risk Management Policy. This is contrary to Regulation 158(1)(a) and (b) of the Public Finance Management Act (County Governments) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies which include fraud prevention mechanism and internal control that builds robust business operations.

In the absence of a risk management policy, it has not been possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

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

Responsibilities of the Management and those charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the 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.

The Fund Administration Committee is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

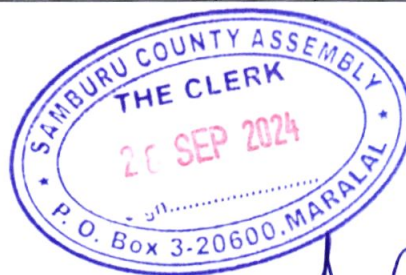
Nairobi

27 December, 2024

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

17. Statement of Financial Performance For The Year Ended 30th June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	10,315,036	8,751,359
Other Income	5	-	-
Total Revenue		10,315,036	8,751,359
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	4,141	1,596,883
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		4,141	1,596,883
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For The Period		10,310,895	7,154,476



[Signature]

Name: : Leparleen Fred Lenapeer
Administrator of the Fund

[Signature]

Name: Nelson J. Lesorogol
Fund Accountant
ICPAK Member Number: 22366


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

18. Statement of Financial Position As At 30 June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	1,237,857	3,356,861
Current Portion of Long- Term Receivables From Exchange Transactions	12	16,550,800	166,200,861
Prepayments	13	-	-
Inventories	14	-	-
		-	-
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	347,150,844	197,813,425
Total Assets		364,939,501	367,371,147
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	4,232,540	4,232,540
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
		4,232,540	4,232,540
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
M,Long Term Portion of Borrowings	19	-	-
		-	-
Total Liabilities		4,232,540	4,232,540
Net Assets			
Revolving Fund		305,000,000	305,000,000
Reserves		-	-
Accumulated Surplus		10,310,895	58,138,607
Total Net Assets and Liabilities		315,310,895	363,138,607

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

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 22/09/ 2024 and signed by:



.....
Name: : Leparleen Fred Lenapeer
Administrator of the Fund



.....
Name: Nelson J. Lesorogol
Fund Accountant
ICPAK Member Number: 22366

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

19. Statement Of Changes in Net Assets for the year ended 30th June 2024

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	305,000,000.00	-	35,296,766	340,296,766
Surplus/(Deficit) For the Period	-	-	8,799,465	8,799,465
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	305,000,000.00	-	44,096,231	349,096,231
Balance As At 1 July 2022	305,000,000.00	-	50,984,131	355,984,131
Surplus/(Deficit) For the Period			7,154,476	7,154,476
Funds Received During the Year				
Transfers				
Revaluation Gain				
Balance As At 30 June 2023			58,138,607	363,138,607
Balance As At 01 July 2023	305,000,000.00	-	58,138,607	363,138,607
Surplus/(Deficit) For the Period			10,310,895	10,310,895
Funds Received During the Year				
Transfers				
Revaluation Gain				
Balance As At 30 June 2024			68,449,502	373,449,502



Name: : Leparleen Fred Lenapeer
Administrator of the Fund



Name: Nelson J. Lesorogol
Fund Accountant
ICPAK Member Number: 22366



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

20. Statement Of Cash Flows For The Year Ended 30 June 2024

	No te	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		10,315,036	7,780,675
Receipts from other operating activities		-	-
Total receipts		10,315,036	7,780,675
Payments			
Fund administration expenses		-	-
General expenses	7	4,141	1,596,883
Finance cost		-	-
Other payments		-	-
Total Payments		4,141	1,596,883
Net cash flows from operating activities	21	10,310,895	5,906,870
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		56,645,137	65,252,845
Loan disbursements paid out		(58,760,000)	(59,807,316)
Net cash flows used in investing activities		(2,114,863)	5,445,530
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings- Bank Charges		(4,141)	(-) (-)
Net cash flows used in financing activities		(4,141)	(-)
Net increase/(decrease) in cash & cash Equivalents		(2,114,863)	(20,211,682)
Cash and cash equivalents at 1 July	11	3,356,861	23,568,543
Cash and cash equivalents at 30 June	11	1,237,857	3,356,861

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

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)



A handwritten signature in blue ink, appearing to read "Leparleen Fred Lenapeer".

.....
Name: : Leparleen Fred Lenapeer
Administrator of the Fund

A handwritten signature in blue ink, appearing to read "Nelson J. Lesorogol".

.....
Name: Nelson J. Lesorogol
Fund Accountant
ICPAK Member Number: 22366

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

21. Statement of Comparison of Budget and Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2023/24	2023/24	2023/24	2023/24	2023	2023
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	(-)	-	-	(-)	-
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	12,000,000	-	12,000,000	10,315,036	1,684,964	86%
Other Income	-	-	-	-	-	-
Total Income	12,000,000	-	12,000,000	10,315,036	1,684,964	86%
Expenses						
Fund Administration Expenses	-	-	-	-	(-)	-
General Expenses	5,000	-	5,000	4,141	4859	83%
Finance Cost	-	(-)	-	-	(-)	-
Total Expenditure	5,000	-	5,000	4,141	859	83%
Surplus For The Period	-	-	-	10,310,895		

22. Notes to the Financial Statements

1. General Information

Samburu County Assembly Staff Mortgage Scheme Fund entity is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the Samburu County Assembly and is domiciled in Kenya. The entity's principal activity is provide car loan and mortgage facility to staff and Members of the County Assembly.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Standard	Effective date and impact:
	<p>financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The standard is not relevant to the Fund and not applied in the preparation and presentation of the financial statements.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>The Fund have enabled its members possess their own residential houses thereby improving their standard of living. The improved standard of living is brought about by the extra money saved from paying low interest rates compared to loans from commercial banks as well as the low monthly mortgage deductions as compared to the monthly market rate of house rents.</p>

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Standard	Effective date and impact:
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>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> <p><i>The standard is not relevant to the Fund and not applied in the preparation and presentation of the financial statements.</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>The standard is not relevant to the Fund and not applied in the preparation and presentation of the financial statements.</i></p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2021</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that</p>

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Standard	Effective date and impact:
	<p>lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The standard is not relevant to the Fund and not applied in the preparation and presentation of the financial statements.</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2021</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The standard is not relevant to the Fund and not applied in the preparation and presentation of the financial statements.</i></p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2023.

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023-2024 was approved by the County Assembly on 30th June 2021. 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 zero amount on the FY 2023-2024 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

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

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

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

c) Provisions

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

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

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

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

g) Foreign currency transactions

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

Summary Of Significant Accounting Policies (Continued)

h) Borrowing costs

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

i) Related parties

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

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management Act under the Ministry of Finance. Its ultimate parent is the County Assembly of Samburu.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

The Entity did not provide for any provisions in the FY2022/2023.

6. Notes To The Financial Statements

1. Public contributions and donations

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

2. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2023-2024	2022-2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income From Mortgage Loans	10,315,036	8,761,705
Interest Income From Car Loans	0.00	0.00
Interest Income From Investments	0.00	0.00
Interest Income On Bank Deposits	0.00	0.00
Total Interest Income	10,315,036	8,761,705

The total interest income figure in the table above relates to the total estimated interest income from loans disbursed to members in the financial year 2023-2024

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

5. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	2023/24	2022/23
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	584,640
Administration Fees	-	-
Committee Allowances	-	1,285,000
Bank Charges	4,141	3,465
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Description	2023/24	2022/23
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Total	4,141	1,873,105.00

8. Depreciation and Amortization Expense

Description	2023/24	2022/23
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2023/24	2022/23
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2023/24	2022/23
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
County Assembly of Samburu Car Loan Account	-	-
County Assembly of Samburu Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	1,237,857	23,568,544
Others	-	-
Total Cash And Cash Equivalents	1,237,857	23,568,544

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank		1,237,857	23,568,544
Bank B		-	-
Sub- Total		1,237,857	23,568,544
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		1,237,857	23,568,544

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

12. Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	1,237,857	13,143,467
Current Loan Repayments Due	16,550,801	106,648,443
Other Exchange Debtors	-	46,408,951
Less: Impairment Allowance	-	-
Total Current Receivables	17,788,658	166,200,861
Non-Current Receivables		
Long Term Loan Repayments Due	347,150,844	197,813,425
Total Non- Current Receivables	347,150,844	197,813,425
Total Receivables From Exchange Transactions	364,939,502	364,014,286

Additional disclosure on interest receivable

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
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	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	166,200,861	100,678,447.12
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	58,760,000	1,526,380.42

13. Prepayments

Description	2023-2024	2022-2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Other Prepayments (Specify)	-	-
Total	-	-

14. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2020	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June 2023	-	-	-	-	-
Net Book Values	-				
At 30th June 2021	-	-	-	-	-
At 30th June 2023	-	-	-	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2023/24	2022/23
	Kshs	Kshs
Cost		
At Beginning Of The Year	-	-
Additions	-	-
At End Of The Year	-	-
Amortization And Impairment		
At Beginning Of The Year	-	-
Amortization	-	-
At End Of The Year	-	-
Impairment Loss	-	-
At End Of The Year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Trade Payables	4,232,540	4,232,540
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade And Other Payables	4,232,540	4,232,540

18. Provisions

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

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

19. Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	(-)	(-)
Repayments Of Domestic Borrowings During the Period	(-)	(-)
Balance At End of The Period	-	-

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

	2023-2024	2022-2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End Of The Year	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2023-2024	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	10,315,036	6,887,900
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	10,315,036	8,761,705
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(16,550,801)	(9,742,735)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(7,098,663)	5,906,870

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures Continued

e) Due to related parties

	2023-2024	2022-2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court Case Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	384,390,745	336,648,127	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	1,237,857	-	-	-
Total	385,628,602	336,648,127	-	-
At 30 June 2023				
Receivables From Exchange Transactions	367,371,147	336,648,127	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	23,568,544	-	-	-
Total	390,939,691	336,648,127	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

The entity has significant concentration of credit risk on amounts due from 2023-2024 financial year

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	-	4,232,540	4,232,540
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	4,232,540	4,232,540
At 30 June 2021				
Trade Payables	-	-	4,232,540	4,232,540
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	4,232,540	4,232,540

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities			
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
2024			
Euro	10%	-	-
USD	10%	-	-
2024		-	-
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2022: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2021 – KShs xxx)

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

d) Capital risk management

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

	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Revolving fund	305,000,000	305,000,000
Accumulated surplus	10,315,036	7,154,476
Total funds	380,194,465	312,154,476
Total borrowings	-	-
Less: cash and bank balances	1,237,857	3,356,861
Net debt/(excess cash and cash equivalents)	1,237,857	3,356,861
Gearing	0.00%	0.00%

**Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

23. Progress On Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Note

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.