

REPUBLIC OF KENYA



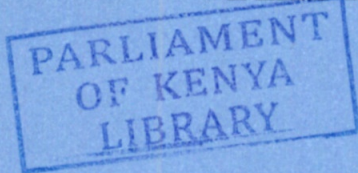
Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL



ON

**TAITA TAVETA COUNTY
ASSEMBLY MEMBERS CAR LOAN
AND MORTGAGE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**

Revised 30th June 2023



TAITA TAVETA COUNTY ASSEMBLY MEMBERS CARLOAN AND MORTGAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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

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Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Table of Content

1. Acronyms and Glossary of Terms	iii
2. Key Entity Information and Management	iv
3. Board of Trustees/ Fund Administration Committee	vii
4. Management Team	viii
5. Board/Fund Chairperson's Report	x
6. Report of The Fund Administrator	xi
7. Statement of Performance Against the County Fund's Predetermined Objectives	xii
8. Corporate Governance Statement	xiii
9. Management Discussion and Analysis	xiii
10. Environmental and Sustainability Reporting	xvi
11. Report of The Trustees	xvii
12. Statement of Management's Responsibilities	xix
13. Report of The Independent Auditor on the Financial Statements for Taita Taveta County Assembly Members Car Loan and Mortgage Fund	xx
14. Statement of Financial Performance for the Year Ended 30 th June 2023	1
15. Statement of Financial Position As At 30 June 2023	2
16. Statement Of Changes in Net Assets for the year ended 30 th June 2023	4
17. Statement of Cash Flows for The Year Ended 30 June 2023	5
18. Statement Of Comparison Of Budget And Actual Amounts For The Period	7
19. Notes to the Financial Statements	9
20. Annexes	43

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Entity Information and Management

a) Background information

Taita Taveta County Assembly Members Car Loan and Mortgage Fund is established by and derives its authority and accountability from County Government Act no. 17 of 2012 on 24th July, 2012. The Fund is wholly owned by the County Government of Taita Taveta and is domiciled in Kenya.

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

The Fund's principal activity is to provide loan scheme for purchase vehicle house or land for development renovation or repair residential property by member of the fund.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide loan scheme for purchase vehicle house or land for development renovation or repair residential property by member of the fund.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon Anselm Mwadime Chao	Chairperson
2	Hon Anthony Warighe Hon Newton Kifuso Hon Muganga Solomon Jones Hon Dorcus Mulughu	Other trustees/Committee Members
3	CPA Gadiel Maganga	Fund Manager/ Administrator

d) Key Management Team

Ref	Name	Position
1	CPA Gadiel M Maganga	Fund Manager/ Administrator
2	CPA Joseph Mwashighadi	Fund Accountant
3	Mr Renson Mambaria	Internal Auditor
4	Ms Jentah Mwaruma	Ass. Fund Accountant
5	Mr Fredrick Mwabili	Principal Legal Officer

**Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Mr. Renson Mambaria
2	Staff car Mortgage and car Loan Advisory Committee	Ms Phelis Mwambere Mr James Mwang'ombe Mr Shannel Machu Ms Milkah Righa Ms Florence Wambugha

f) Registered Offices

P.O. Box 1066 - 80304
County Assembly Head Quarters
Wundanyi, Kenya

g) Fund Contacts

Telephone: (254) 718703359 / 732604811

E-mail: informationdesk@taitatavetaassembly.go.ke

Website: www.taitatavetaassembly.go.ke

h) Fund Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Co-operative Bank of Kenya
P.O. Box 770 -80300
Voi, Kenya

Key Entity and Management (Continued)

i) Independent Auditors






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

j) Principal Legal Adviser


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

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

3. Board of Trustees/ Fund Administration Committee (Or Any Other Corporate Governance Body Of The Fund)

Name	Details of qualifications and experience
	<p>Hon. Anselm Mwadime-Chairperson He is the Deputy Speaker. He has been an elected MCA since 2017 He has served as chairperson from 2022.</p>
	<p>Hon. Anthony Mngámbwa-Member He is the leader of Majority. He has been an elected MCA since 2017 He has served as a member from 2022.</p>
	<p>Hon. Solomon Muganga -Member He is the Majority Whip. He has been an elected MCA since 2013 He has served as a member from 2022</p>
	<p>Hon. Dorcus Mlughu-Member She is the Minority Whip. He has been an elected MCA since 2022 He has served as a member from 2022.</p>
	<p>CPA Gadiel Mnyambo Maghanga- Fund administrator CPA Gadiel was appointed Fund Administrator in January 2019. He has over 18 years' experience in finance industry. He is currently the Clerk Taita Taveta County Assembly since January 2019. He is also the County Assembly Service Board Secretary He is a Certified Public Accountant and holds a Masters in Business Administration. D.O.B 18-7-1978</p>

4. Management Team

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

**Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**



Mr Fredrick Mwabili

Mr Fredrick is the Principal Legal Officer
He holds a bachelor of Law and Diploma in law
from Kenya school of Law.

He has over 5 years' experience as an advocate

D.O.B 13-7-1982

5. Board/Fund Chairperson's Report


The Taita Taveta County Assembly Members Mortgage and Car Loan Scheme Fund is a revolving fund established pursuant to the Salaries and Remuneration Circular no SRC/ADM/CIR/1/13/ Vol III (128) of 17th December 2014. Section 167 of the Public Finance Management Act 2012 mandates the Administrator of Public Funds with preparation of Annual Financial Statements. For proper management of the fund, the Taita Taveta County Assembly adopted Public Finance Management (Taita Taveta County Assembly Members and Staff Car Loan and Mortgage Fund) Regulations 2022 to guide operationalization of the Fund.

The Fund started its operations in 2015 following the gazettelement of the Taita Taveta County Assembly Mortgage Scheme regulation 2015. It received an initial amount of Ksh.3M. The Salaries and Remuneration Commission in its circular ref SRC/ADM/CIR/1/13 Vol.III (128) dated 17 December 2014 provided guidelines for access of Car Loan and Mortgage benefits by all state and public officers. Arising therefrom the County Assembly Committee Members approved and adopted the Staff Loans Policy Paper on 14th September 2015. In the FY 2015/2016 the Fund Committee Members approved and adopted the guidelines on internal administration of the Mortgage Scheme Fund.

Conclusion

FY 2022/2023 is a good year in general. Good progress has been created to enable Taita Taveta County Assembly Car loan and Mortgage Scheme Fund continues into prosperity. I take this opportunity to thank the Hon Speaker and Members of County Assembly for their support. I would also want to thank my colleagues, all heads in charge of other departments who we have worked hand in hand to ensure that Taita Taveta County Assembly achieves its mission.

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

Name...Anselm Mwadime Chao..Signature.......... Date 25/9/2023

Chairperson of the Board/Fund

6. Report of the Fund Administrator

It is my pleasure to present the Taita Taveta County Assembly Mortgage Scheme Fund Financial Statements for the period ended 30th June 2023. The financial statements present the financial performance of the fund over the past year.

The fund was established on 14th September 2015 and started with an initial amount of KShs 3M.

Financial Performance

a) Revenue

In the period ended 30th June 2023, the fund had projected revenues of Kshs 146,748,692. Due to cash flow challenges, the fund has not realised its budget yet.

b) Loans

During the period ended 30th June 2023, the fund has disbursed Loans amounting to Ksh 137,289,633.

c) Cash flows

In the FY 2022/2023, the cash and cash equivalents increased from KShs 24,354.05 as at 30th June 2022 to Kshs 22,120,226 as at 30th June 2023.

Risk Management Strategies.

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

We have taken insurance to safe guard the outstanding loans.

d) Conclusion

I take this opportunity to thank the Fund Committee Members for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Taita Taveta County Assembly Mortgage scheme fund achieves its mission.



.....
Name: CPA Gadiel Mnyambo Maghanga

Fund Administrator

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

Guidance

The Assembly of Taita Taveta strategic plan is to ensure efficient delivery of the services to the public through legislation and public participation. The entity's annual budget set is not yet fully utilised as the funds received from the National treasury delays. This has hindered full implementation of the budget.

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 key development objectives of the Taita Taveta County Assembly Members and Staff Car Loan and Mortgage Fund plan are to:

- a) Provide funds for purchase of motor vehicle.
- b) Provide housing or land for residential to staff and management.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Taita Taveta County Assembly Mortgage Scheme Fund	To support staff and members to acquire motor Vehicle , Residential house or Land at an affordable facility	Increased number of staff members owning vehicles and homes in the County	% of applicants	In FY 22/23 we increased Motor vehicle application by 60%. Increased number of Housing application by 70%.

8. Corporate Governance Statement

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

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

a) A number of Fund Administration Committee meetings held and the attendance to those meetings by members, In the financial period ended 31st December 2022 the Fund Administration committee had one (1) sittings/ meetings of which they approve loans prior to the payment of the same.

b) Succession Plan

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

- (a) the vice-chairperson of the Board who shall be the chairperson;
- (b) The Minority Leader of the County Assembly
- (c) The chairman of the Finance Committee of the County Assembly
- (d) The Majority Whip of the County Assembly; and
- (e) The Minority Whip of the County Assembly;
- (f) The Clerk of the County Assembly.
- (g) The Chief Officer Finance and Planning or an officer designated by him to represent him and who must be of good standing.

For example if Minority leaders of the county assembly leaves office (Who is a member of the committee), immediately when a new Minority leader is selected, immediately he becomes a member of the committee.

c) **Existence of a Board/Trustee charter:** - There is no Board/ Trustee Charter in place, however, the funds administration committee has a document known as The Public Finance Management (Taita Taveta County Assembly Mortgage Scheme Fund) Regulations, 2015

which guide the committee in the administration of Funds. Plans are underway in the financial Year 2021/2022 to document a service charter that will guide all stake holders.

d) Process of Appointment and removal of Trustees

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

e) Roles and Functions of the Board/Trustees

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

f) Induction and Training

The training and induction of Board/Trustees members performance, was conducted in the financial year 2017/2018. Since then same members have been on board. We plan for further training and engagement in the financial year 2023/2024 so as to learn more from other County Assemblies and new members who are coming on board as trustees and members.

e) Board and Members performance

The Board and members are required to hold meetings and ensure that during budget preparation, their views are put on board to ensure that the staffs are issued with mortgage loans in time. Any decision should be passed by all members and they all should be in agreement and signed.

f) Conflict of interest

The Board/Trustees should not have any conflict of interest in the fund. There should be disciplinary measures for any member who has conflict of interest to the fund.

g) Board/ Trustee Remuneration

The Board/Trustee remuneration is paid when the members hold a meeting thus they are paid sitting allowance. Thus the Board is entitled to the following remuneration: - The chairperson, Vice Chair and member are paid a sitting allowance of Kshs 6,500, Kshs 5,200 and Kshs 3,900 per sitting respectively.

h) Ethics and Conduct as well as Governance Audit

The Board should conduct their duties in an ethical manner thus to ensure effective delivery of services to the staffs and members. There should be an audit to the activities the Board carries out in the organization for the financial years at hand.

9. Management Discussion and Analysis

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Taita Taveta County Assembly Mortgage Scheme Fund established by The Taita Taveta County Assembly Gazette Supplementary No. 16, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the Fund accepts responsibility for the Taita Taveta County Assembly Mortgage Scheme Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Taita Taveta County Assembly Gazette Supplementary No. 16. The Administrator of the Fund is of the opinion that the Taita Taveta County Assembly Mortgage Scheme Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial period 30th June 2023 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 Taita Taveta County Assembly Mortgage Scheme Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

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

10. Environmental and Sustainability Reporting

Taita Taveta County Assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Taita Taveta County Assembly pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The top management especially the accounting officer has ensured that mortgage is available to both the staffs and members of the county assembly. This has further enabled the top management to deliver its activities on time by ensuring that in the foreseeable future there will be separate accounts for mortgage and car loan for staffs and M.C.A's.

2. Environmental performance

The management has ensured ample environment for the staffs and members of county assembly. Waste products are disposed of properly. There is a separate registry in the facility to store file records which contain information of the organization.

3. Employee welfare

The top management has ensured gender equity and ethnic values during employment process. This further has enabled the organization derive its values to the society. There is a staff welfare organization in which grievances and opinions can be raised and reach the management in time for action. There are also continuous staffs and M.C.A's training thus improving the management skills and also work life balance. In terms of occupational safety and health act of 2007 (OSHA), the organization has ensured safety of staffs and M.C.A's by continuous training and equipping the working environment with safe health standards.

4. Market place practices-

a) Responsible competition practice.

The organization is a corruption free environment thus enabling members of the public to public participation during budgeting process and also ensuring that during assembly sessions they are invited to come and hear what the members are passing through bills.

b) Responsible Supply chain and supplier relations- the organization ensures that the stake holders, suppliers are involved during the tendering process. This is by floating tenders to the general public through media, and organization website. This has ensured fair competition and suppliers are invited during tender openings to ensure openness

c) Responsible marketing and advertisement-Marketing is done through the media and publishing through the Kenyan gazette. This is to ensure transparency among the public.

d) Product stewardship- Consumer rights is safeguarded through prompt payments upon delivery of goods by the suppliers to the organization

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the period ended 30th June 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.

Results

The results of the Fund for the year period 30th June 2023 are set out on the document.

Trustees

The members of the Board of Trustees who served during the year are shown on page (v) and (vii).

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: 10/11/2023

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by County Government Act no. 17 of 2012 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 period ended on September 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 County Governments Act no. 17 of 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial period ended 30th June, 2023, 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 25th September, 2023 and signed on its behalf by:



Administrator of the County Public Fund

REPUBLIC OF KENYA



Enhancing Accountability

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA COUNTY ASSEMBLY MEMBERS CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2023

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Taita Taveta County Assembly Members Car Loan and Mortgage Fund set out on pages 1 to 43, which comprise of the

statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Taita Taveta County Assembly Members Car Loan and Mortgage Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Taita Taveta County Assembly Members 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget and actual amounts on comparable basis of Kshs.3,200,000 and Kshs.3,057,571 respectively, resulting to an underfunding of Kshs.142,429 or 4.5% of the budget. Similarly, the Fund expended Kshs.526,980 against an approved budget of Kshs.560,000, resulting to an under-expenditure of Kshs.33,020 or 6% of the budget.

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

My opinion is however, not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Prior Year Issues

In the audit report of the previous year, a number of 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 matters as provided by the Public Sector Accounting Standards Board templates. In addition, the Management has not provided reasons for the delay in resolving the prior year issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Jointly Register Log-Books

The statement of cash flows and Note 29 to the financial statements reflects Kshs.137,289,633 as loan disbursements made during the year under review which include Kshs.44,420,000 for loans issued to twenty-three (23) Members of the County Assembly (MCAs) for purchase of motor vehicles and out of which, Kshs.31,330,745 was outstanding as at the 30 June, 2023. Included in the motor vehicle loans outstanding was a total of Kshs.10,000,000 advanced to five (5) MCAs against log-books which were only registered in the names of the beneficiaries contrary to Regulation 22(2) of Taita Taveta County Assembly Members Car loan and Mortgage Fund Regulations, 2022 which states that the log-book of a vehicle subject to a loan from the Fund shall be issued jointly between the financier and the borrower and shall be kept in the custody of financier until the loan is repaid in full.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 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 governance.

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

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

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

The Management 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

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 January, 2024

**Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

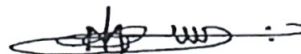
14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	2,140,647	2,135,228
		-	-
Revenue From Exchange Transactions			
Interest Income	4	916,924	3,127,417
Other Income	5	-	-
Total Revenue		3,057,571	5,262,645
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	526,980	586,760
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		526,980	586,760
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		2,530,591	4,675,885

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 14th December, 2023 and signed by:



.....
Name: CPA Gadiel Mnyambo Maghanga
Administrator of the Fund



.....
Name: CPA Joseph Waduu
Fund Accountant
ICPAK Member Number: 7006

Jaitā Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position As at 30 June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	22,120,226	24,354
Current Portion of Long- Term Receivables From Exchange Transactions	13	45,593,452	21,158,099
Receivables from Non-Exchange transactions	13A	146,748,692	(7,608,000)
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		214,462,369	13,574,453
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	68,315,241	123,860,316
Investment Property		-	-
Total non- current assets		68,315,241	123,860,316
Total Assets		282,777,610	137,434,769
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	575,530	3,039,859
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		575,530	3,039,859
Non-Current Liabilities			
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	20	-	-
Social benefit liabilities	24	-	-
Total Liabilities		575,530	3,039,859

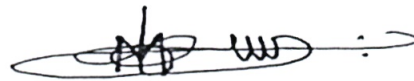
**Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Net Assets		282,325,501	134,394,910
Revolving Fund		271,400,000	126,000,000
Reserves		-	-
Accumulated Surplus		10,925,501	8,394,910
Total Net Assets and Liabilities		282,325,501	134,394,910

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 10th November, 2023 and signed by:



.....
Name: CPA Gadiel Mnyambo Maghanga
Administrator of the Fund



.....
Name: CPA Joseph Waduu
Fund Accountant
ICPAK Member Number:7006

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement Of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance As At 1 July 2021	126,000,000	230,009	3,719,025	129,949,034
Surplus/(Deficit) For the Period	-	-	4,675,885	4,675,885
Funds Received During the Year	-	-	-	-
Transfers	-	(230,009)	-	(230,009)
Revaluation Gain	-	-	8,394,910	134,394,910
Balance As At 30 June 2022	126,000,000	-	8,394,910	134,394,910
Balance As At 1 July 2023	126,000,000	-	2,530,591	2,530,591
Surplus/(Deficit) For the Period	-	-	145,400,000	145,400,000
Funds Received During the Year	145,400,000	-	-	-
Revaluation Gain	-	-	10,925,501	282,325,501
Balance As At 30 June 2023	271,400,000	-	-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 14th December, 2023 and signed by:



.....
 Name: CPA Gadiel Mnyambo Maghanga
 Administrator of the Fund



.....
 Name: CPA Joseph Waduu
 Fund Accountant
 ICPAK Member Number:7006

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	Current FY	Current FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1		-
Transfers from the county government	2	-	-
Interest received	4	916,924	2,643,806
Receipts from other operating activities		-	-
Total receipts		916,924	2,643,806
Payments			
Fund administration expenses		-	572,000
General expenses	7	526,980	14,760
Finance cost	9	-	-
Total payments		526,980	586,760
Net cash flows from operating activities	25	389,944	2,057,046
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	28	12,246,869	16,592,018
Loan disbursements paid out	29	(137,289,633)	(17,216,282)
Net cash flows used in investing activities		(125,042,764)	(624,264)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Proceeds from Non exchange transactions	13A	146,748,692	(7,608,000)
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)
Net cash flows used in financing activities		146,748,692	(7,608,000)
Net increase/(decrease) in cash & cash Equivalents		22,095,872	(6,175,218)
Cash and cash equivalents at 1 July 22		24,354	6,199,572

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

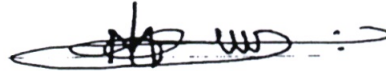
Cash and cash equivalents at 30 June 23		22,120,226	24,354
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(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 14th December, 2023 and signed by:



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Name: CPA Gadiel Mnyambo Maghanga
Administrator of the Fund



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Name: CPA Joseph Waduu
Fund Accountant
ICPAK Member Number: 7006

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement Of Comparison of Budget And Actual Amounts For The Period

Description	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2022-23	2022-23	2022-23	2022-2023	2022-2023	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue	KShs	KShs	KShs	KShs	KShs	
Interest income	2,200,000	- 1,200,000	1,000,000	916,924	83,076	92%
Fines and penalties	1,000,000	1,200,000	2,200,000	2,140,647	59,353	97%
Total income	3,200,000	-	3,200,000	3,057,571	142,429	96%
Expenses						
Committee Allowances	500,000	-	500,000	468,000	32,000	94%
Bank Charges	60,000		60,000	58,980	1,020	98%
Total expenditure	560,000	-	560,000	526,980	33,020	94%
Surplus for the period	2,640,000	-	2,640,000	2,530,591	109,409	

Budget notes

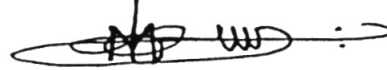
1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total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

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 14th December, 2023 and signed by:



.....
Name: CPA Gadiel Mnyambo Maghanga
Administrator of the Fund



.....
Name: CPA Joseph Waduu
Fund Accountant
ICPAK Member Number:7006

19. Notes to the Financial Statements

1. General Information

This entity is established by and derives its authority and accountability from County Government Act. The entity is wholly owned by the Taita Taveta County Government and is domiciled in Kenya. The entity's principal activity is to provide a loan scheme for the purchase, development, renovation, or repair of residential property by members of the Scheme.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial</p>	<p>Applicable: 1st January 2023:</p> <p>1. Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p>

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
Instruments	<p>2. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>3. Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial Instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p>

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

(iii) Early adoption of standards

The entity did not apply/adopt any new or amended standards in year 2022.

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 26th June, 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations on the FY 2022-2023 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 in these financial statements.

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

5. 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.

6. 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)

7. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (Amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial Assets

Classification of financial assets

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

Subsequent Measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other Receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

8. 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.

9. 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.

10. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

11. Contingent liabilities

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

Contingent assets

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

12. Nature and purpose of reserves

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

13. 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.

14. Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

15. 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.

16. 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.

17. 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.

18. 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.

19. Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes To The Financial Statements

1. Public contributions and donations

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2022-2023	2021-2022
	KShs	KShs
Transfers from National Treasury	145,400,000	-
Transfers from County Govt.	1,860,000	-
Refund of Kajiado County money erroneously deposited	(511,308.00)	-
Total	146,748,692	-

3. Fines, penalties and other levies

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Late Payment Penalties	2,140,647	2,135,228
Fines	-	-
Total	2,140,647	2,135,228

4. Interest income

Description	2022-2023	2021-2022
	KShs	KShs
Interest income from Mortgage loans	253,025	2,643,806
Interest income from Defaulters payments	6,568	-
Interest income from car loans	657,331	483,610
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	916,924	3,127,417

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

5. Other income

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	FY 2022-2023	FY 2021-2022
	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	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	468,000	572,000
Bank Charges	58,980	14,760
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses*		
Total	526,980	586,760

8. Depreciation and Amortization Expense

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Gain/ (loss) on Fair Value Investments

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Car Loan Account	-	-
Taita Taveta County Assembly Mortgage Account	22,120,226	24,354
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash And Cash Equivalents	22,120,226	24,354

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2022-2023	FY 2021-2022
		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			
Co-operative Bank- Mortgage	1141222320000	22,120,226	24,354
Bank B		-	-
Sub- Total		-	-
d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		22,120,226	24,354

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

13. Receivables from exchange transactions

Description	2022-2023	2021-2022
	KShs	KShs
Current Receivables		
Interest receivable-Accrued interest/penalty	2,135,228	483,610
Current loan repayments due-Mortgage	15,984,222	3,906,546
Current loan repayments due-Carloan	10,202,238	
Current Defaulter repayment due-Mortgage	16,921,763	
Staff erroneously paid through mca fund	350,000	
Car Grant offsetting mortgage -receivable	-	16,767,943
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	45,593,452	21,158,099
Non-Current receivables		
Long term loan repayments due-Mortgage	39,509,592	102,702,218
Long term loan repayments due-Carloan	28,805,649	
Total Non- current receivables	68,315,241	102,702,218
Total receivables from exchange transactions	113,908,692	123,860,316

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	2,135,228	483,645
Accrued interest receivable from of long-term loans of previous years	-	-
Car Grant offsetting mortgage -receivable	-	-
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	15,984,222	3,906,546
Accrued principal from long-terms loans from previous periods	10,202,238	-
Current portion of long-term loans issued in the current year	15,617,596	102,702,218

13A. Receivables from Non-exchange transactions

Description	2022-2023	2021-2022
	KShs	KShs
Transfer from County treasury	145,400,000.00	
Transfers from County Govt. – Rec	1,860,000	1,702,700
Refund of Kajiado county money erroneously deposited	(511,308.00)	- 9,310,700

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

			-
Total	146,748,692	-	7,608,000

Notes to the Financial Statements Continued

14. Prepayments

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	--	-

15. Inventories

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Investments in financial assets

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

Impairment allowance/ provision	Insert Current FY	Insert Previous FY
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding	Kshs	Current year	Prior year
	%	%	%		Kshs	Kshs

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

17. 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 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Net Book Values					
At 30th June 2022	-	-	-	-	-

Taita Taveta County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and Fixtures Kshs	Computers and office equipment Kshs	Total Kshs
At 30 th June 2023	-	-	-	-	-

Taita Taveta County Assembly Mortgage and Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	FY 2022-2023	FY 2021-2022
	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	-	-

19. Investment Property

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Taita Taveta County Assembly Mortgage and Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2022-2023		FY 2021-2022	
	Kshs		Kshs	
	-		-	
Trade payables-Hon peter Shambi overpayment			39,859	
Refundable deposits-ERRONIOUS DEPOSIT STAFF FUND	575,530			
Insurance			3,000,000	
Accrued expenses				
Total Trade and Other Payables	575,530		3,039,859	
Ageing analysis (Trade and other payables)	FY 2022-23	% of the Total	FY 2021-22	% of the Total
Under one year	-	-	-	-
1-2 years	708,851	100%	-	-
2-3 years	3,000,000	100%	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	-	-	-	-

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
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	-	-	-	-

Taita Taveta County Assembly Mortgage and Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

22. Borrowings

Description	FY 2022-2023	FY 2021-2022
	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:

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
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	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)		-
Long Term Borrowings	-	-
Total		-

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional

Taita Taveta County Assembly Mortgage and Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

Taita Taveta County Assembly Mortgage and Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non-current social benefits	-	-
Total (tie to totals above)	-	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Taita Taveta County Assembly Mortgage and Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	916,924	2,643,806
General expenses	(526,980)	(586,760)
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	389,944	2,057,046.45

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Transfers From Related Parties'	-	1,702,700
Transfers To Related Parties	-	9,310,700

c) Key management remuneration

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

28. Proceeds from loan principal repayments

	2022-2023	2021-2022
	KShs	KShs
Total loan repaid	13,163,793	19,235,824
less: Interest received	916,924	2,643,806
Total	12,246,869	16,592,018

29. Loan disbursements paid out

	2022-2023	2021-2022
	KShs	KShs
Loan disbursements paid out	137,289,633	17,216,282
Total	137,289,633	17,216,282

Notes To The Financial Statements (Continued)

30. Financial risk management

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

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

a) Credit risk

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

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

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

Notes To The Financial Statements (Continued)

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

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description	Other currencies		Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

*Taita Taveta County Assembly Mortgage and Car Loan Fund
Annual Report and Financial Statements For the year ended 30th June 2023*

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

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
FY 2022-2023			
Euro	10%	-	-
USD	10%	-	-
FY 2021-2022			
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).

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

31. Events after the reporting period

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

32. Ultimate and Holding Entity

The entity is a County Public Fund established by and derives its authority and accountability from County Government Act no. 17 of 2012 on 24th July, 2012. The Fund is wholly owned by the Taita Taveta County Assembly and is domiciled in Kenya. Its ultimate parent is the County Government of Taita Taveta.

33. Currency

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

20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
3.	Failure to Insure, Charge and Jointly Register Mortgage Properties	Notice through legal department to issue notice for members to jointly register their documents with assembly	Resolved	
4	Unrecovered Mortgage Loan From Former Members of County Assembly and Staff	Notice issued through legal department to respective members to clear their loans	Resolved	
7	Unsupported Revaluation Reserves	The revaluation reserves for previous financial years were cleared	Resolved	

Guidance Notes:

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

*Taita Taveta County Assembly Mortgage and Car Loan Fund
Annual Report and Financial Statements For the year ended 30th June 2023*

Fund Manager/Accounting Officer



.....
Name: CPA Gadiel Maghanga

Clerk of the Assembly

Date 14/12/2023

**Taita Taveta County Assembly Members Mortgage and Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Annex II: Inter-Fund Confirmation Letter



Taita Taveta County Assembly Members Mortgage and Car Loan Fund
P.O. Box 1142 - 80304
County Assembly Headquarters
WUNDANYI

TAITA TAVETA COUNTY, KENYA

The **Taita Taveta County Assembly Members Mortgage and Car Loan Fund** wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

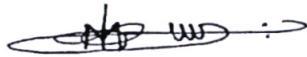
Confirmation of amounts received by Taita Taveta County Assembly Members Mortgage and Car Loan Fund as at 30th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 20xx			Total (D)=(A+B+C)	Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
Total							

Taita Taveta County Assembly Members Mortgage and Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

Head of Accountants Department of beneficiary Fund:

CPA Joseph Waduu

Name Sign  Date14/12/2023

Taita Taveta County Assembly Members Mortgage and Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

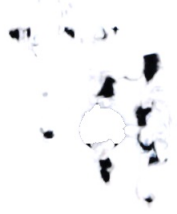
Annex III: Reporting of Climate Relevant Expenditures

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

Taita Taveta County Assembly Members Mortgage and Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Annex IV: Reporting on Disaster Management Expenditure

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



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