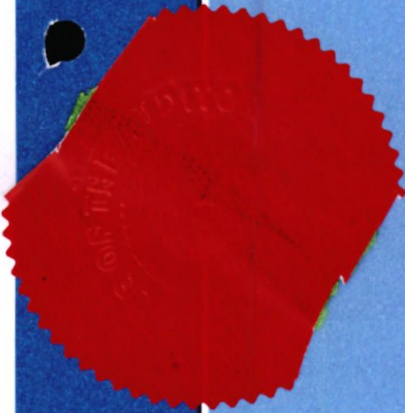


REPUBLIC OF KENYA



Enhancing Accountability



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REPORT

OF

THE AUDITOR-GENERAL

ON

**MARSABIT COUNTY STATE OFFICERS
AND OTHER PUBLIC OFFICERS
CAR LOAN SCHEME FUND**

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



OFFICE OF THE AUDITOR -
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COUNTY GOVERNMENT OF MARSABIT
MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.

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

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

OFFICE OF THE ATTORNEY GENERAL
OHIO REGIONAL OFFICE
J. B. MOYER
P.O. Box 1037 - 60300 - 012
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**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Table of Content

1. Acronyms and Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. Board of Trustees/ Fund Administration Committee	vi
4. Management Team	viii
6. Report of The Fund Administrator	xii
7. Statement of Performance Against the County Fund's Predetermined Objectives	xiii
8. Corporate Governance Statement	xiv
9. Management Discussion and Analysis	xvi
10. Environmental and Sustainability Reporting	xvii
11. Report of The Fund Administration Committee	xix
12. Statement of Management's Responsibilities	xx
13. Report of The Independent Auditor on the Financial Statements for Marsabit County State Officers and other Public Officers Car Loan Scheme Fund.	xxi
14. Statement of Financial Performance for the Year Ended 30 th June 2024	1
15. Statement of Financial Position As at 30 June 2024	2
16. Statement of Changes in Net Assets for the year ended 30 th June 2024	4
17. Statement of Cash Flows for The Year Ended 30 June 2024	5
18. Statement of Comparison of Budget and Actual Amounts for The Period Ended June 30, 2024	6
19. Notes to the Financial Statements	7
20. Annexes	39

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
CPA	Certified Public Accountant
Car Loan Fund	Marsabit County State Officers and other Public Officers Car Loan Scheme Fund.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

2. Key Entity Information and Management

a) Background information

Marsabit County State Officers and Other Public Officers Car Loan Scheme Fund is established by and derives its authority and accountability from Public Finance Management (Marsabit County State Officers and Other Public Officers Car Loan Scheme Fund) Regulations, 2015. The Fund is wholly owned by the County Government of Marsabit and is domiciled in Kenya.

The object and purpose of the fund shall be to provide a loan scheme for the purchase of vehicles by the members of the scheme.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide car financing to members of the scheme.

Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	CEC Member – Finance and Economic Planning Department	Mr. Adan Guyo Kanano
2	Chief Officer Administration	Mr. Roba Qoto
3	Chief Officer finance	Mr. Boru Dulacha
4	Committee Member	Mrs Hilter Rikoi
5	CEO – Marsabit County Public Service Board	Galgallo Muse Ganale
6	Fund Administrator	CPA Dabasso Bonaya Adano

c) Key Management team

Ref	Name	Position
1	CPA Dabasso Bonaya Adano	Fund Manager/ Administrator
2	CPA Hussein Rob Boye	Fund Accountant
3		

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Key Entity and Management (Continued)

d) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Mr. Simon Khobes
2	Staff Mortgage and car Loan Advisory Committee – Chairman	Mr. Boru Duba Dulacha
3	Staff Mortgage and car Loan Advisory Committee	Mr. Hitler Rikoi
4	Staff Mortgage and car Loan Advisory Committee	Mr. Roba Qoto
5	Staff Mortgage and car Loan Advisory Committee	Mr. Galgallo Muse Ganale
6	Fund Administrator	CPA Dabasso Bonaya Adano
7	Fund Accountant	CPA Hussein Rob Boye

MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.

Annual Report and Financial Statements for the year ended June 30, 2024

e) Registered Offices

P.O. Box 384-60500
Marsabit County Headquarter Building
Treasury Office
Marsabit, KENYA

f) Fund Contacts

Telephone: (254) 724821768
E-mail: adanoadabasso@gmail.com
Website: www.marsabit.go.ke

g) Fund Banker

Marsabit County car loan Scheme Fund
Bank: Equity Bank
Branch: Marsabit
Account No. **1010268149745**

h) Independent Auditors

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

i) Principal Legal Adviser

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

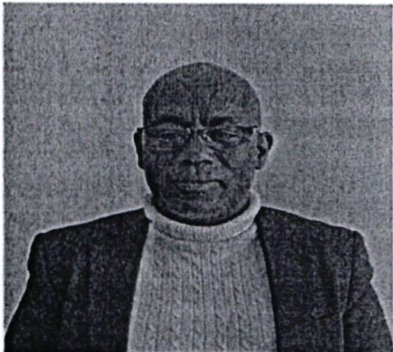
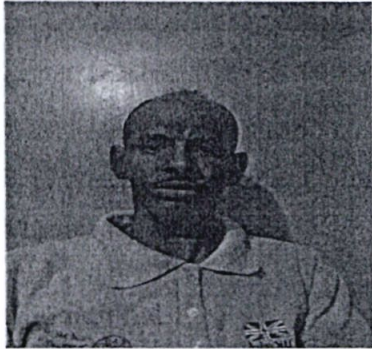

j) County Attorney

P.O. Box 384-60500
Marsabit County Headquarter Building
Marsabit, KENYA

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**



Annual Report and Financial Statements for the year ended June 30, 2024

3. Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
<p>1. Mr. Boru Duba Dulacha Fund Administration Committee- Chairman</p> 	<p>Date of Birth: 18.04.1972</p> <p>Key academic Qualifications: Msc. Agricultural Rural Development, BSc. Appropriate Technology</p> <p>Work Experience:</p> <ul style="list-style-type: none"> ➤ Chief Officer Finance – Marsabit County. ➤ Constituency Coordinator- IEBC ➤ Returning Officer –IEBC ➤ Project Coordinator Farm Africa ➤ FHI – livestock Marketing Coordinator.
<p>2. Dr. Hitler Rikoi Fund Administration Committee</p> 	<p>Date of Birth: 1975</p> <p>Academic Qualification: Bachelor of Veterinary Medicine – University of Nairobi.</p> <p>Work experience</p> <ul style="list-style-type: none"> ➤ <i>chief Officer Fisheries- Marsabit County.</i> ➤ <i>chief Officer Roads - Marsabit County.</i> ➤ Colony Manager- Institute of Primate Research. - National Museums of Kenya
<p>3. Mr. Roba Qoto Fund Administration Committee</p> 	<p>Academic Qualification: Bachelor of Education – Kenyatta University</p> <p>Year of Birth: 1964</p> <p>Work Experience:</p> <ul style="list-style-type: none"> ➤ Chief Officer Administration-County Government of Marsabit, ➤ Sub county Administrator - County Government of Marsabit, ➤ Public Participation and civil education officer, County Government of Marsabit.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**


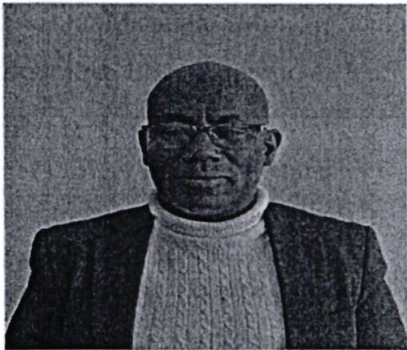
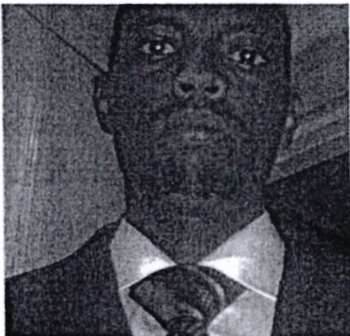
Annual Report and Financial Statements for the year ended June 30, 2024

<p>4. Mr. Galgallo Muse Ganale Fund Administration Committee.</p> 	<p>Year of Birth: 1983 Key academic Qualifications: MBA Strategic Management, Bachelor of Arts (Government and Public Administration). CPS(K) and CHRP(K) Work Experience:<ul style="list-style-type: none">➤ CEO Marsabit County Public Service Board➤ Relationship/Credit Manager KCB,</p>
<p>5. Dabasso Bonaya Adano Fund administrator</p> 	<p>Date of Birth: 06.04. 1984 Key academic Qualifications: MSC-Finance, BCOM –Finance. CPA(K), Work Experience:<ul style="list-style-type: none">➤ Director Finance – Marsabit County,➤ Director – Accounting Services, Marsabit County.➤ Financial Analyst Central Bank of Kenya,➤ Finance Officer –Care International in Kenya</p>

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

4. Management Team

Name	Details of qualifications and experience
<p>1. Mr. Adan Guyo Kanano</p> 	<p>Date of Birth: 1968</p> <p>Key academic Qualifications MBA (strategic management), MA-Economics, MBA Finance Accounting, BCOM</p> <p>Work Experience: CEC Member Finance and Economic Planning – Marsabit County CEC Member Water</p>
<p>2. Mr. Boru Duba Dulacha</p> 	<p>Date of Birth: 18.04.1972</p> <p>Key academic Qualifications: Msc. Agricultural Rural Development, BSc. Appropriate Technology</p> <p>Work Experience:</p> <ul style="list-style-type: none"> ➤ Chief Officer Finance – Marsabit County. ➤ Constituency Coordinator- IEBC ➤ Returning Officer –IEBC ➤ Project Coordinator Farm Africa ➤ FHI – livestock Marketing Coordinator.
<p>3. CPA Dabasso Bonaya Adano</p> 	<p>Date of Birth: 06.04. 1984</p> <p>Key academic Qualifications: MSC-Finance, BCOM –Finance. CPA(K),</p> <p>Work Experience:</p> <ul style="list-style-type: none"> ➤ Director Finance – Marsabit County ➤ Director – Accounting Services, Marsabit County. ➤ Financial Analyst Central Bank of Kenya ➤ Finance Officer –Care International in Kenya

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

4. CPA Hussein Rob Boye	Date of Birth: 25.02.1992 Key academic Qualifications: MBA -Finance, Bsc. Economics, CPA(K). Work Experience: <ul style="list-style-type: none">➤ Assistant Director – Accounting Services, Marsabit County.➤ Principal Accountant –Marsabit County .➤ Fund Accountant – Marsabit County.➤ Market Linkages Officer- Boma Project.
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**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

5. Board/Fund Chairperson's Report

The car fund has over the years made remarkable progress in its core business of generating and disbursing of funds to its members, through prudent financial management.

During the year under review, the Fund issued two new loans therefore satisfying all the loan requests submitted in the year.

The Fund strives to build on its success legacy, through good governance, to provide car ownership solutions to its members, in a conducive environment that provides favourable progress and experiences.

Funding by the County Government of Marsabit.

The fund is running on a capital base of Kshs. **34,000,000** given earlier from the county government.

This was a great support; without which we could not have realized the great milestones achieved. Nine beneficiaries completed servicing their loans.

The year under review was however a challenging period for the fund. Various factors affected our operating environment adversely and overshadowed the planned developments in our business due to the effects of transition and changes in the political environment which hampered repayment ability of some of our members.

Key activities during the financial year under review

The following are the key activities that took place during the Period ended 30th June, 2024

I.	The fund recovered loan principal amounting Kshs	6, 925,055
II.	The fund generated Interest income of Kshs.	619,592
III.	The overall surplus amounted to Kshs	169,247

Key Challenges

The following are the main challenges faced by the car loan Fund Scheme during the year under review:

- i. Delay in remittance of loans deducted from Equity
- ii. Changes in financial, social and technological environments which affect the Car Fund Scheme in general, with capital requirements.

Future outlook

The car loan Fund Scheme intends to formulate a Strategic Plan, clearly stipulates the aspirations of the Fund in the realization of Kenya Vision 2030 and the Bottom Up Economic Transformation Agenda. Implementation of the Strategic Plan will see the Fund achieve: financial stability, long term sustainability, enhanced infrastructure, governance, partnerships and increased collaborations.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Appreciation

I wish to express my sincere appreciation to the County Government of Marsabit through the Finance Department, for the support accorded to the Fund during the year under review.

Name: Boru Dulacha Duba

Signature



Date: 7th November 2024

Chairperson of the Fund Committee

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

6. Report of The Fund Administrator

The fund is fairly small operating on the initial capital from the county government and below were the key deliverables.

- I.** The fund recovered loan principal amounting Kshs. **6,925,055**
- II.** The fund generated Interest income of Kshs. **619,592**
- III.** The overall surplus amounted to Kshs **169,247**

During the year under review the fund managed to put in place strategies to recover non-performing loans and managed to bring all borrowers into loan servicing program.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

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

Introduction

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

The Fund strives to build on its success legacy, through good governance, to provide housing solutions to its members, in a conducive environment that provides favourable progress and experiences.

Funding by the County Government of Marsabit.

The fund is running on a capital base of Kshs. **34,000,000** given earlier from the county government. This was a great support; without which we could not have realized the great milestones achieved. Ten beneficiaries completed servicing their loans.

Progress on attainment of Strategic development objectives

Program	Objective	Outcome	Indicator	Performance
Provision of car loan facilities to all members of staff	To ensure all staff have access to car loan facilities	Number car loans successfully applied	% of staff taking car loan facilities	During the period two Members of staff applied for the loan and accessed the facility.
Recovery of Long Outstanding Loans	To recover loans from non-servicing members	Number of Loans being serviced	Long outstanding loan be serviced	The following beneficiaries have resumed servicing their loans. <ol style="list-style-type: none"> 1. Golicha Sora 2. Aboran James 3. Hawo Abdullahi 4. Mohamed Konse 5. Isacko Galgallo 6. Yasmin Shariff 7. Mr. Alio Ibrahim

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

8. Corporate Governance Statement

(i) Roles and functions

The car loan Fund Administration Committee is at the centre of good governance practice, for protection of long-term interests of all the stakeholders of the car loan Fund. The Fund Administration Committee provides leadership, oversight to management, integrity and good judgment in directing Car Loan Fund operations in the best interest of the stakeholders for continued viability and sustainability. The car loan Fund Administration Committee is vested with powers and authority by relevant laws of Kenya, to discharge its mandate, and to effectively fulfil its corporate governance responsibility towards stakeholders. The car loan Fund Administration Committee ensures adoption of corporate governance best practices in support of the Car Loan Fund vision and to provide world-class services that delight customers, create value for money and meet stakeholders' expectations.

(ii) Appointment

The Fund Administration Committee served at the Car Fund during the year under review was appointed in accordance with the Public Finance Management (Marsabit County State Officers and Other Public Officers Car Loan Scheme Fund) Regulations, 2015.

(iii) Induction and capacity building for Fund Administration Committee members

Members of the Fund Administration Committee regularly attend trainings on corporate governance and other relevant fields, to equip them with the knowledge that is required to effectively discharge their responsibilities.

(iv) Succession planning of the Car Loan Fund Administration Committee

The Car Loan Fund Administration Committee has reliable mechanisms for developing skills of the Fund Administration Committee members, to ensure seamless continuity of the Car Loan Fund business in the event some members leave the car loan Fund. All members are prepared to assume different roles, to make them effective in various positions. Car loan Fund business through committees. As part of succession planning, Fund Administration Committee members are assigned more than one committee, to expose them to various operations of the car Fund.

(v) Meetings of the Car Loan Fund Administration Committee

Dates for car loan Fund Administration Committee meetings in the ensuing year are decided in advance and scheduled in an annual work plan. The Fund Administration Committee holds its regular meetings on

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

quarterly basis to transact planned business of the car loan Fund. However, special meetings of the Fund Administration Committee may be called when there is significant business to transact.

(vi) Conflict of interest

As a routine, "Conflict of interest" appears as an item in the agenda of each car loan Fund Administration Committee meeting. The Fund Administration Committee has a conflict of interest register for recording any declared conflict of interest. Each Fund Administration Committee member indicates by signing, whether they are conflicted in any way. A conflicted member takes leave during deliberations of any issues that may lead to conflict of interest.

(vii) Remuneration of Car Loan Fund Administration Committee

Fund Administration Committee members are entitled to sitting allowance for every meeting attended. Each member also receives lunch allowance.

(viii) Ethical standards

Car loan Fund Administration Committee is committed to ensuring that members of the car loan Fund Management and all employees, conduct themselves with integrity and professionalism in accordance with the approved Staff Code of Conduct, and holds them individually accountable for their conduct.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

The fund recovered loan principal during the financial year amounting Kshs. 6,925,055 thereby reducing the loan liability to members making it possible to ensure that the revolving fund has sufficient cashflow to operate during the financial year.

Out of the process of loaning the members and in accordance with the interest rates provided in the regulations the fund generated Interest income of Kshs. 619,592 which did not overrun the fund administration expenses during the year thereby generating an overall surplus of Kshs. 169,247

During the year under review the fund managed to put in place strategies to recover non-performing loans and managed to bring all borrowers into loan servicing program.

Key Challenges

The following are the main challenges faced by the University faced during the year under review:

- a) Intense competition from Small and Micro finance Enterprises which limit loan repayment ability and therefore the members fail to take full advantage of the Car Loan Facility.
- b) Changes in financial, social and technological environments which affect financial mobilization from the government and other sources.
- c) Political and social economical changes that predispose loan repayment ability for members whose position depends on the political terms of the head of the institution.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

10. Environmental and Sustainability Reporting

The Car Loan Fund 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 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 should refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they consider the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

b) Responsible Supply chain and supplier relations

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

Outline efforts to maintain ethical marketing practices

d) Product stewardship

Outline efforts to safeguard consumer rights and interests

5. Community Engagements

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community (The organisation gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of The Fund Administration Committee

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

Principal activities

The principal activities of the Fund are creating a revolving fund, provide car loans and manage the loan account of members.

Results

The performance of the for the period ended June 30, 2024, are set out on page 1 to 6 of these report.

Members of the Fund Administration Committee

The members of the Fund Administration Committee who served during the year are shown on page vi. There were no changes in the Fund Administration Committee during the financial year.

Auditors

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

By Order of the Board



.....

Mr. Boru Dulacha Duba

Chair of the Fund Administration Committee

Date: .7th November 2024

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Public Finance Management (Marsabit County State Officers and Other Public Officer's Car Loan Scheme Fund) Regulations, 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the 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 Public Finance Management (Marsabit County State Officers and Other Public Officer's Car Loan Scheme Fund) Regulations, 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

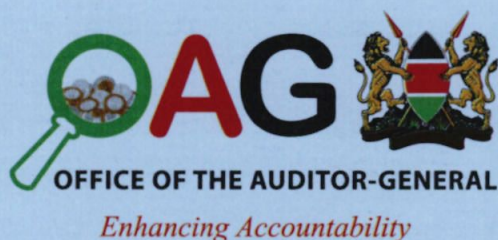
The Fund's financial statements were approved by the Board on 7th November 2024 and signed on its behalf by:


.....

**CPA Dabasso Bonaya Adano
Fund Administrator**

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Marsabit County State Officers and Other Public Officers Car Loan Scheme Fund set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2024 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 Marsabit County State Officers and Other Public Officers Car Loan Scheme Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Marsabit County State Officers and other Public Officers Car Loan Scheme Fund) Regulations, 2015 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 Marsabit County State Officers and Other Public Officers Car Loan Scheme 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

Long Outstanding Other Payables

Note 20 to the financial statements reflects other payables totalling Kshs.1,044,037 which have been outstanding for more than two (2) years. Further, ageing analysis for other payables was not provided for audit contrary to the provisions of Regulation 54(2)(c) of Public Finance Management (County Governments) Regulations, 2015. No explanation has been provided for delayed settlement of these long outstanding bills and measures put in place by Management to clear the debt.

Failure to settle bills in the year to which they relate adversely affects the implementation of the subsequent year budgeted programs as the pending bills form the first charge to the subsequent year budget.

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 Unresolved Audit Matters

Progress on follow-up of prior year audit issues reflects matters raised in the report for the 2022/2023 financial year which have remained unresolved. Management has not provided reasons for the delay in resolving the prior year audit issues.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Issuance of Uninsured Loans

Note 13 to the financial statement reflects Kshs.34,068,392 as total receivables from exchange transactions comprising of current repayments dues of Kshs.4,200,436 and long-term loan repayment dues of Kshs.29,867,956. However, the Fund Management did not ensure that all loans issued were insured contrary to Section 13(4) of Public Finance Management (Marsabit County State Officers and other Public Officers Car Loan Scheme Fund) Regulation, 2015 and as such the Fund is exposed to potential losses in the event of uninsured risks.

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

2. Failure to Appoint Fund Administrator

The financial statements of the Fund were signed by an officer in the capacity of a Fund Administrator. However, the Management did not provide evidence of the appointment of

the officer contrary to Section 116(2) of the Public Finance Management Act, 2012 which provides that, for every County Public Fund established, the County Executive Committee Member for Finance to designate a person responsible for administering that Fund.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 controls, risk management and overall governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024


**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

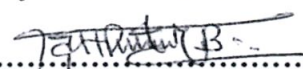
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Revenue from Non-Exchange Transactions			
Public Contributions and Donations	1		
Transfers from the County Government	2		
Fines, Penalties and Other Levies	3		
Revenue from Exchange Transactions			
Interest Income	4	619,592	457,935.74
Other Income	5		
		619,592	457,935.74
Total Revenue		619,592	457,935.74
Expenses			
Employee Costs	6		
Use of goods and services	7	450,345	240.00
Depreciation and Amortization Expense	8		
Finance Costs	9		
Total Expenses		450,345	240.00
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
Surplus/(Deficit) for the Period		169,247	457,695.74

(The notes set out on pages 19 to 42 form an integral part of these Financial Statements)

.....

Name: CPA Dabasso Bonaya Adano
Administrator of the Fund

.....

Name: CPA Hussein Rob Boye
Fund Accountant
ICPAK Member Number: 29375

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position As at 30 June 2024


Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	2,148,380	1,338,008.62
Current Portion of Long- Term Receivables From Exchange Transactions	13	4,200,436	4,416,505
Prepayments	14		
Inventories	15		
Investments in financial assets	16		
Total current assets		6,348,816	5,754,514
Non-Current Assets			
Property, Plant and Equipment	17		
Intangible Assets	18		
Long Term Receivables from Exchange Transactions	13	29,867,956	30,293,011
Investment Property	19		
Total non- current assets		29,867,956	30,293,011
Total Assets (A)		36,216,772	36,047,525
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	1,044,037	1,044,037
Current Provisions	21		
Current Portion of Borrowings	22		
Employee Benefit Obligations	23		
Social benefit liabilities	24		
Total current liabilities		1,044,037	1,044,037
Non-Current Liabilities			
Non-Current Provisions	21		
Long Term Portion of Borrowings	22		
Non-Current Employee Benefit Obligation	23		
Social benefit liabilities	24		

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

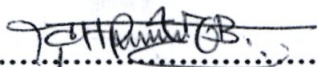
Annual Report and Financial Statements for the year ended June 30, 2024

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Total Liabilities (B)		1,044,037	1,044,037
Net Assets (A-B)		35,172,735	35,003,488
Represented By:			
Revolving Fund		34,000,000	34,000,000
Reserves			
Accumulated Surplus		1,172,735	1,003,488
Net Assets		35,172,735.	35,003,488

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 7th November 2024 and signed by:



Name: CPA Dabasso Bonaya Adano
Administrator of the Fund



Name: CPA Hussein Rob Boye
Fund Accountant
ICPAK Member Number: 29375

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	34,000,000		545,792	34,545,792
Surplus/(Deficit) For the Period			457,695.74	457,696
Funds Received During the Year				
Transfers				
Revaluation Gain				
Balance As At 30 June 2023	34,000,000		1,003,488	35,003,488
Balance As At 1 July 2023	34,000,000		1,003,488	35,003,488
Surplus/(Deficit) For the Period			169,247	169,247
Funds Received During the Year				
Transfers				
Revaluation Gain				
Balance As At 30 June 2024	34,000,000		1,172,735	35,172,734

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
SCHEME FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations			
Transfers from the county government			
Interest received		619,592	457,936
Receipts from other operating activities	25	216,069	
Total receipts		835,661	457,936
Payments			
Use of goods and services	7	450,345	240
General expenses			
Finance cost			
Other payments		450,345	240
Increase/Decrease in Long-term receivable from exchange transactions			(3,729,678)
Net cash flows from operating activities	25	385,316	(3,271,982)
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	26	6,925,055	7,009,866
Loan disbursements paid out	26	(6,500,000)	(3,680,000)
Net cash flows used in investing activities		425,055	3,329,866
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Additional borrowings			
Repayment of borrowings			
Net cash flows used in financing activities			
Net increase/(decrease) in cash & cash Equivalents		810,371	57,884
Cash and cash equivalents at 1 July	12	1,338,009	1,280,125
Cash and cash equivalents at 30 June		2,148,380	1,338,009

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN FUND.

Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement of Comparison of Budget and Actual Amounts for The Period Ended June 30, 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations						
Transfers From County Govt.						
Interest Income	619,592		619,592	619,592		100%
Other Income						
Total Income	619,592		619,592	619,592		100%
Expenses						
Fund Administration Expenses	619,592		619,592	450,345	169,247	73%
General Expenses						
Finance Cost						
Total Expenditure	619,592		619,592	450,345	169,247	73%
Surplus For the Period				169,247		
Capital expenditure						

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
 - a) The underutilization on the fund administration expenses was occasioned by less sittings by the fund administration committee since with no numerous cases to handle and less loans to issue recoveries was the only activity.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

County Government of Marsabit Car loan Fund is established by and derives its authority and accountability from Public Finance Management (Marsabit County Executive Car Loan Scheme Fund) Regulations, 2015. The entity is wholly owned by the Marsabit County Government and is domiciled in Kenya.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

There were no new and amended standards issued in the financial year.

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and	<i>Applicable 1st January 2025</i> The Standard requires,

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees</p>

MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.

Annual Report and Financial Statements for the year ended June 30, 2024

	and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
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(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

b) Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the fund administration committee at the beginning of the financial year, the county assembly did not provide any subsequent funding in the county budget. No subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations for the FY.

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.

MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.

Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance is normally presented however, no differences were noted between the two sets of these financial statements.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.

Annual Report and Financial Statements for the year ended June 30, 2024

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.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

e) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) Social Benefits

Social benefits are cash transfers provided to

- i) specific individuals and / or households that meet the eligibility criteria,
- ii) mitigate the effects of social risks and
- iii) Address the need of society as a whole.

The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

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

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

The Entity provides car loans to the employees of Marsabit County Government and the County has attached its employees to run the fund. In this regard the fund does not have employees of its own. The retirement benefit plan for the officer attached to the fund is taken care of by the Executive.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the CECM Finance, CO Finance, Fund Administration Committee Member and directors.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Equity Bank – Marsabit Branch at the end of the financial year.

o) Comparative figures

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

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024
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.

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.

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.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

6. Notes To The Financial Statements Continued

1. Public contributions and donations

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

(Provide brief explanation for this revenue)

2. Transfers from County Government

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

3. Fines, penalties and other levies

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

4. Interest income

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans		
Interest Income From Car Loans	619,592	457,935.74
Interest Income From Investments in financial assets		
Interest Income On Bank Deposits		
Total Interest Income	619,592	457,935.74

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

5. Other income

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Insurance Recoveries		
Income from Sale of Tender Documents		
Bad debts recovered		
Miscellaneous Income		
Total Other Income		

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

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

7. Use of Goods and Services

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
General Office Expenses	450,000	
Loan Processing Costs		
Professional Services Costs		
Administration Fees		
Committee Allowances		
Bank Charges	345	240
Electricity And Water Expenses		
Fuel And Oil Costs		

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Insurance Costs		
Postage And Courier		
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	450,345	240

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

8. Depreciation and Amortization Expense

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Property Plant and Equipment		
Intangible Assets		
Total		

9. Finance costs

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Interest On Bank Overdrafts		
Interest On Loans From Banks		
Total		

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

10. Gain/(loss) on disposal of assets

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Property, Plant and Equipment		
Intangible Assets		
Total		

11. Gain/ (loss) on Fair Value Investments

Description	FY 2023-2024	FY 2022-2023
	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 2023-2024	FY 2022-2023
	Kshs	Kshs
Marsabit County Car Loan Account	2,148,380	1,338,008.62
Marsabit County Mortgage Account		
Fixed Deposits Account		
On – Call Deposits		
Current Account		
Others (<i>Specify</i>)		
Total Cash And Cash Equivalents	2,148,380	1,338,008.62

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank			
Equity Bank, Etc.			
Sub- Total			
b) On - Call Deposits			
Kenya Commercial Bank			
Equity Bank - Etc.			
Sub- Total			
c) Current Account			
Equity Bank		2,148,380	1,338,008.62
Sub- Total		2,148,380	1,338,008.62
d) Others(Specify)			
Cash In Transit			
Cash In Hand			
Sub- Total			
Grand Total		2,148,380	1,338,008.62

13. Receivables from exchange transactions

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Current Receivables		
Interest Receivable		
Current Loan Repayments Due	4,200,436	4,416,505
Other Exchange Debtors		
Less: Impairment Allowance		
Total Current Receivables	4,200,436	4,416,505
Non-Current Receivables		
Long Term Loan Repayments Due	29,867,956	30,293,011
Total Non- Current Receivables	29,867,956	30,293,011
Total Receivables from Exchange Transactions	34,068,392	34,709,516

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years		
Accrued interest receivable from of long-term loans of previous years		
Interest receivable from current portion of long-term loans issued in the current year		
Current loan repayments due		
Current portion of long-term loans from previous years		
Accrued principal from long-terms loans from previous periods		
Current portion of long-term loans issued in the current year		

14. Prepayments

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Prepaid Rent		
Prepaid Insurance		
Prepaid Electricity Costs		
Other Prepayments (<i>Specify</i>)		
Total		

15. Inventories

Description	FY 2023-2024	FY 2022-2023
	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		

Notes to the Financial Statements Continued

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

16. Investments in financial assets

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK		
Sub- total		
b. Investment with Financial Institutions/ Banks		
Sub- total		
c. Equity investments (specify)		
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	FY 2023-2024	FY 2022-2023
	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		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs

MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN FUND.

Annual Report and Financial Statements for the year ended June 30, 2024

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 2022					
Additions					
Disposals					
Transfers/Adjustments					
At 30th June 2023					
At 1st July 023					
Additions					
Disposals					
Transfer/Adjustments					
At 30th June 2024					
Depreciation And Impairment					
At 1 st July 2022					
Depreciation					
Impairment					
At 30th June 2023					
At 1st July 2023					
Depreciation					
Disposals					
Impairment					
Transfer/Adjustment					
At 30th June 2024					
Net Book Values					
At 30th June 2023					
At 30th June 2024					

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

18. Intangible assets

Description	FY 2023-2024	FY 2022-2023
	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 2023-2024	FY 2022-2023
	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.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

**Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)**

20. Trade and other payables from exchange transactions

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
Trade Payables				
Refundable Deposits				
Accrued Expenses				
Other Payables	1,044,037		1,044,037	
Total Trade and Other Payables	1,044,037		1,044,037	
Ageing analysis (Trade and other payables)	FY 2023-2024	% of the Total	FY 2022-2023	% of the Total
Under one year				
1-2 years				
2-3 years				
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	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f				
Additional provisions				
Provision utilised				
Change due to discount and time value for money				
Total provisions year end				
Current Provisions				
Non-Current Provisions				

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

22. Borrowings

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

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

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan		
Sterling Pound Denominated Loan		
Euro Denominated Loan		
Domestic Borrowings		
Total Balance at End of The Year		

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

Description	FY 2023-2024	FY 2022-2023
	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 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)

MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN

FUND.

Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

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

24. Social Benefit Liabilities

Description	FY 2023-2024	FY 2022-2023
	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.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

25. Cash generated from operations.

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	169,247	457,696
Adjusted For:		
Depreciation		
Amortisation		
Gains/ Losses On Disposal Of Assets		
Interest Income		
Finance Cost		
Working Capital Adjustments		
Increase In Inventory		
Decrease in Receivables (payments received)	216,069	
Increase In Payables		
Net Cash Flow From Operating Activities	385,316	457,696

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

26. Loan Disbursements and Repayments

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Proceeds from loan principal repayments	6,925,055	7,009,866
Loan disbursements paid out	(6,500,000)	(3,680,000)
Net cashflow from investing activities	425,055	3,329,866

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

27. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024

Other Disclosures Continued

e) Due to related parties

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

28. Contingent assets and contingent liabilities

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

(Give details)

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

29. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions				
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)

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024
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 no significant concentration of credit risk on amounts.

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

b) Liquidity risk management

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

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 2024				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				
At 30 June 2023				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024
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 2024			
Financial Assets			
Investments			
Cash			
Debtors/ Receivables			
Liabilities			
Trade And Other Payables			
Borrowings			
Net Foreign Currency Asset/(Liability)			

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

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024
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 2024			
Euro			
USD			
FY 2023			
Euro			
USD			

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.

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**

Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Revaluation reserve		
Revolving fund		
Accumulated surplus		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

30. Events after the reporting period

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

31. Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management Act, Marsabit County State officers and Public Officers Car Loan Fund Regulations under the Department of Finance and Economic Planning. Its ultimate parent is the County Government of Marsabit.

32. Currency

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

**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN
FUND.**


Annual Report and Financial Statements for the year ended June 30, 2024

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)
Basis for Qualified Opinion				
1	Unsupported Current Portion of Long-Term Receivables from Exchange Transactions	Support documents are now available for inspection	Not resolved awaiting senate sittings	Awaiting senate summon
2	Statement of Cash Flow	The errors were investigated and corrections made	Not resolved awaiting senate sittings	Awaiting senate summon
Other Matters				
1	Prior Year Unresolved Audit Matters	The reports for prior years have been discussed in the senate	Resolved	Resolved
Report on Lawfulness and Effectiveness in Use of Public Resources No. 1				
1	Long Outstanding and Defaulted Loans	The management have resuscitated non-performing loans	Not resolved awaiting senate sittings	Awaiting senate summon
2	Issuance of Un-Insured Loans	Management is in process of securing the loans	Not resolved awaiting senate sittings	Awaiting senate summon
3	Non-Appointment of Fund Administrator	Substantive appointment has been made and its available for review	Not resolved awaiting senate sittings	Awaiting senate summon


Mr. Dabasso Bonaya Adano
Fund Administrator

Date: 7th November 2024

MARSABIT COUNTY GOVERNMENT
MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN FUND.


Annual Report and Financial Statements for the year ended June 30, 2024

Annex II: Inter-Fund Confirmation Letter

Marsabit County State Officers and Other Public Officers Car Loan Fund
P.o Box 384-60500 , Marsabit

The Marsabit County State Officers and Other Public Officers Car Loan Fund wishes to confirm that the fund did not receive any Funding from external sources during the financial year ended 30th June 2024.

Confirmation of amounts received by Marsabit County State Officers and Other Public Officers Car Loan Fund as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

Head of Accountants department of beneficiary Fund:
Name CPA Hussein Rob Boye Sign  Date 7th November 2024

MARSABIT COUNTY GOVERNMENT

MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN FUND.

Annual Report and Financial Statements for the year ended June 30, 2024

Annex III: Reporting of Climate Relevant Expenditures

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

MARSABIT COUNTY GOVERNMENT
MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS CAR LOAN FUND.

Annual Report and Financial Statements for the year ended June 30, 2024

Annex IV: Reporting on Disaster Management Expenditure

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



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