

REPUBLIC OF KENYA



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REPORT



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**TURKANA COUNTY ASSEMBLY
CAR LOAN AND MORTGAGE
SCHEME FUND (STAFF)**

FOR THE YEAR ENDED

30 JUNE, 2025



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Revised 30th June 2025



**TURKANA COUNTY ASSEMBLY- CAR LOAN AND MORTGAGE
SCHEME FUND (STAFF)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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

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**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

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**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

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
DHRM	Director Human Resource Management

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CEO	Chief Executive Officer
CO	Chief Officer
DG	Director General
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

2)Key Entity Information and Management

a) Background information

The Turkana County Assembly Car Loan and mortgage scheme fund (staff) is established by and derives its authority and accountability from Turkana County Assembly Car Loan and mortgage scheme Fund (staff) regulations, 2016 Act on 16th June 2016. The fund is wholly owned by the county assembly of Turkana and is domiciled in the Republic of Kenya.

The fund's objective is to ensure staffs are provided with affordable, accessible and sustainable car loan and mortgage.

The Fund's principal activity is to provide car loans and mortgage for staff.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to: be the fund of choice for staffs of the Turkana County Assembly, provide affordable, accessible and sustainable car loans and Mortgage to staffs of the Turkana County Assembly and uphold the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team work”

c) Key Management

The county assembly day-to-day management is under the following key organs:

No.		Details
1.	Chairperson – Car Loan and Mortgage	Mr.Linus Lokawa Miinyan
2.	DHRM-Turkana County Assembly	Mr.George Ereng Robaro
3.	Deputy Clerk-Turkana County Assembly	Mr.John Komol Ekunoit

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	The clerk,TCA-Chairman of the fund	Mr.Lokawa Linus Miinyan
2.	Fund Accountant/Fund Administrator	Mr.Lokwang James Apenyu
3.	Director Finance and Accounting	Mr. Francis Ekai Lochuch
4.	Deputy Director Finance and Accounting	Mr.Timothy Ekidor Ekal

Key Entity Information and Management (continued)

e) Fiduciary Oversight Arrangements

1. Audit and Risk committee

SN	Position	Name
1	Director Audit	Mr. Caiphas Ngasike Ekatorot
2	Chairperson	CPA Erick Omondi
3	Member	CPA Mercy Ndinda
4	Member	CPA Lokipi Ekai

f) Entity Headquarters

Turkana County Assembly
P.O. Box 25-30500
Lodwar, KENYA

g) Entity Contacts

E-mail: turkancountyassembly@.go.ke

Website: www.turkanaassembly.go.ke

h) Entity Bankers

Cooperative Bank of Kenya
Lodwar Branch
P.O BOX 25-30500
Lodwar, Kenya

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

i) Independent Auditor


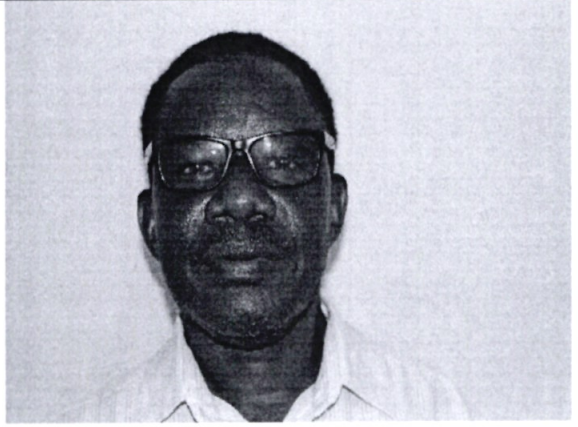

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

j) County Attorney




The County Attorney
Turkana County Government
P.O Box 11-30500
Lodwar

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

3.) The Board of Directors/Fund Committees

Directors	Details
	<p>Mr Lokawa Linus Miinyan- Chairperson and officer administering the fund. He is the first Clerk County Assembly of Turkana. He holds a Bachelor of Commerce Degree (Economics) from Masinde Muliro University. He is also the Secretary of the CASB of Turkana County Assembly. He is also the chairperson and officer admin.</p>
	<p>Mr. George Robaro Ereng – Secretary He was by virtue of the fund regulations appointed as the principal Human Resource. Currently he is the Director Human Resource Management of the County Assembly of Turkana. He holds a bachelor of commerce degree from Kenyatta University and a masters Degree in Finance from Nazarene University.</p>
	<p>Mr. Timothy Ekidor Ekal - Member He was by virtue of the fund regulations appointed as the principal finance officer. Currently he is the Deputy Director of Finance and Accounting for Turkana County Assembly. He holds a bachelor of commerce degree from Kenyatta university and a Masters degree in Business Management-Finance Option form Kenyatta University.</p>

4.)Key Management Team

Management	Details
	<p>Mr.Lokawa Linus Miinyan – Clerk,TCA He is the first Clerk County Assembly of Turkana. He holds a Bachelor of Commerce Degree (Economics) from Masinde Muliro University. He is also the Secretary of CASB of Turkana County Assembly</p>
	<p>Lokwang James Apenyu– Fund Accountant. He was appointed as the Fund Accountant on May 2019. He is an Accountant in County Assembly of Turkana. He holds a Bachelor of Business Management (Accounting) from Mt. Kenya University and MBA- Entrepreneurship ongoing at Kibabii University.</p>
	<p>Mr. Timothy Ekidor Ekal - Member He was by virtue of the fund regulations appointed as the principal finance officer. Currently he is the Deputy Director of Finance and Accounting for Turkana County Assembly. He holds a bachelor of commerce degree from Kenyatta university and a Masters degree in Business Management-Finance Option from Kenyatta University.</p>

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

5)Board/Fund Chairperson’s Report

On behalf of the Car Loan and Management committee I present Turkana County Assembly car loan and mortgage scheme fund (staff) financial statements for the year ended 30th June 2025. The financial statements present the financial performance of the fund over the past phases of disbursement for financial year 2024/2025.

Board and Management Changes

The committee reviewed and interrogated the adequacy and effectiveness of the fund’s organogram in carrying out its mandate and made recommendations. The board carried out the assignment and made several recommendations key among them the automation of the fund’s operations. The organisation arrangement is expected to enhance efficiency in service delivery.

Review of performance

Income

The fund earned revenues amounting to Kshs. 6,616,975 from interests’ income. This income was high because funds disbursement was awarded to many members of staff who had met the requirements of borrowing funds. For the subsequent financial year, the income will increase due to even disbursements of funds to those interested applicants from the entire members of staff of Turkana County Assembly.

Fund implementation process during the period was carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to a favourable initial capital of Kshs. 96,000,000 at the commencement of the fund and kshs. 216,857,000 during the Fy 2021/2022.

Expenditures

The total expenditures during the period amounted to Kshs.75,480 as general and finance expenses.

Future outlook

The outlook of the Fund for 2024/2025 looks brighter. The fund focuses in building a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the county government and development partners to the realization of its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the county government, development partners, stakeholders, management, staff and fellow trustees for their continued support which made us achieve these results.

I look forward to your continued support in the year 2025/2026

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

6.) Report of the Fund Administrator

It is my pleasure to present the Turkana County Assembly car loan and Mortgage scheme fund (staff) financial statements for the year ended 30th June 2025. The financial statements present the financial performance of the fund over the disbursement for the year 2024/2025.

The fund was established on March 2016. It started with an initial amount of Kshs 96,000,000 appropriated by the Turkana County Assembly in the Turkana County Appropriation (Amendment) Act, 2018. Since then, a total of 107 loan beneficiaries have made borrowings amounting to more than Kshs 275,000,000 million

Financial Performance

a) Revenue

In the year ended 30th June 2025, the fund had projected income interests of *Kshs. 6,541,492.15* as revenues of the fund.

In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (Kshs)	Actual (Kshs)	Realisation (%)
Revenue	Kshs	Kshs	
Interest income	-	6,616,975	100%
Total income	-	6,616,975	100%

b) Loans

During the financial year 2024/2025, the fund disbursed loans and top ups loans amounts to Kshs. **24,130,000.00** bringing the total loan beneficiaries to date to 107 staffs.

Cash flows

In the FY 2024/2025, we had less liquidity disruptions. This was because of enhanced proper planning and loan collections methods. The cash and cash equivalent as at 30th June 2025 was kshs. **13,031,273**.

c) Conclusion

FY 2024/2025 was a good year in general. Good progress was made and the momentum has been created to enable County Assembly of Turkana car loan and Mortgage scheme fund (staff) continues on a trajectory into prosperity. We have identified gaps to be improved on in the subsequent years.

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

I take this opportunity to thank the board of trustees for their support. I would also want to thank all staff who we have worked hand in hand to ensure that County Assembly of Turkana car loan and Mortgage fund achieves its mission.

Name Lokan Lony Signature [Handwritten Signature] Date 29/1/25

Chairperson of the Fund

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

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

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

The key development objectives of the Fund as per the strategic plan 2018-2025 are to provide car loans and mortgage for staff.

Introduction

Below we provide the progress on attaining the stated objectives:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	95 % of staff taking Mortgage facilities	Number mortgages successfully applied	During FY 2024/2025 Members of staff accessed the facility and were able to build their own houses and own vehicles for easy mobility to work and other work related assignments.
Oversight and monitoring	Enhanced recoveries of the Staff	Monthly recoveries	Increased ability of Staff to pay loans	95 % recoveries of the loan: 6 members who transferred their services to other entities had difficulty in payment
General Administration, Planning and Support Services	To cover all members of staff in terms of car loan and mortgage	Increase in total amount recovered	107 members of staff were provided with car loans and mortgage	About Kshs. 275,000,000.00 was disbursed

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

8. Corporate Governance Statement

THE BOARD

The Turkana county assembly car loan and mortgage scheme fund (staff) is a revolving fund established pursuant to the Turkana County Assembly Car Loan and mortgage scheme Fund (staff) regulations, 2016. Its mandate is to provide car loans and mortgage to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the board of trustees at its apex. The operations of the fund are governed by a Turkana County Assembly Car Loan and mortgage scheme Fund (staff) Regulations, 2016. The structure is designed to ensure an informed decision making process based on accurate reporting to the board.

THE BOARD OF TRUSTEES

Scheme Fund Regulations, 2016 provides that the board of trustees shall be made up of nine trustees, including the chairperson, and shall consist of a chairperson and eight other members. The board of trustees is responsible for the long-term strategic direction of the fund and recruitment of the Fund Accountant. The board of trustees exercises leadership, enterprise, integrity and judgment in directing the Fund.

The trustees are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator but the board of trustees is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for improved access to water and sanitation in areas without adequate services.

All members of the board of trustees have been taken through a comprehensive induction programme, and are adequately trained on their roles as board members. The trustees are professional, committed and guided by the mission, vision and core values of the Fund in execution of their duties. At the end of each financial year, the board, its committees, individual trustees and the Fund Administrator are evaluated by an independent body against targets agreed to at the beginning of the year.

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

BOARD MEETINGS

The board of trustees shall be convening meetings at such times as may be necessary for the discharge of the committee's functions. The board of trustees also plays an oversight role over all other financial and operational issues. The trustees held Ten (10) board meetings during the FY 2024/2025.

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

9. Management Discussion and Analysis

The fund has commenced and is expected to grow over the period and the management has put measures in place to safeguard against risks.

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 staff with an established credit history.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

FINANCIAL PERFORMANCE

Revenue

The fund earned its revenue amounting to **Kshs. 6,616,975** from its income interest. The income interest was low due to delayed remittances during the financial year 2024/2025.

The fund remained liquid throughout the period, experiencing high liquidity towards the end of the financial year due to delayed application and funds regulations polishing. The fund is projecting increased support from the development partners as well as the county government.

Cash flow

The cash and cash equivalents is expected to grow gradually in the course of the funds' operation periods.

OPERATIONAL PERFORMANCE

The fund's core operating activity has been offering car loans and mortgage to staff of the county assembly. The county assembly has supported the fund and an increased collection from members of staffs has also added to the fund's better performance.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

During the year, the fund reviewed its organization structure that resulted to increase of staff from two (2) to one (3). This was done after rationalizations of staffs through Human resource staff audit.

Conclusion

We appreciate the unrelenting support from the board of trustees, management, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2025/2026.

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

Environmental and Sustainability Reporting

Turkana County Assembly Car Loan and Mortgage scheme fund (staff) provides access of loans to staff at affordable rates. It ensures environmentally friendly designs and construction. Below is a brief highlight of our achievements in each pillar

1. Employee welfare

The County Assembly Service Board has been using the County human resource manual and the schemes of services developed as per public service commission guidelines. The County Assembly has exposed some of the staff to refresher and on job trainings to improve skills and competence. CASB has a scheme of rewarding best performance through issuance of letters of appreciation and award of trophies to best performing departments.

The County Assembly is in the process of developing occupational and safety policy, however the county assembly is in compliance with MOH national framework on health safety.

2. Market place practices-

The staffs are enjoying a low interest rate of 3% as compared to higher interest rates of about 17% prevailing in the financial marketing institutions.

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

10. Report of the Directors/Fund Committee

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide financing to the members of staff of the county assembly to purchase cars and houses for personal use.

Results

The results of the Fund for the year ended June 30, 2025 are set out on pages,1-6.


Trustees

The members of the Board of Trustees who served during the year are shown on page. The changes in the Board during the financial year are as shown below:

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


.....

Fund Administration Committee Chairperson

Date: 29/11/25

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

11. Statement of Management's Responsibilities

Section 81 or 164 of the Public Finance Management Act, 2012 require the Fund administrator to prepare financial statements in respect of that county assembly car loan and mortgage staff fund, which give a true and fair view of the state of affairs of the county assembly car loan and mortgage staff fund scheme at the end of the financial year. The Fund administrator is also required to ensure that the Turkana County assembly car loan and mortgage staff fund scheme keeps proper accounting records which disclose with reasonable accuracy the financial position of the county assembly car loan and mortgage staff fund scheme.

The Fund administrator is responsible for the preparation and presentation of the Turkana County assembly car loan and mortgage staff fund scheme financial statements, which give a true and fair view of the state of affairs of the Turkana County assembly car loan and mortgage staff fund scheme for and as at the end of the financial year (period) 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 Entity; (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 county assembly; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Fund administrator accept responsibility for the Turkana County assembly car loan and mortgage staff fund scheme financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Turkana County Assembly staff car Loan and Mortgage regulations of 2016. The Directors/Fund Committee are of the opinion that the county assembly financial statements give a true and fair view of the state of the county assembly transactions during the financial year ended June 30, 2024, and of the county assembly financial position as at that date. The Directors/Fund Committee further confirms the completeness of the accounting records maintained for the county assembly, which have been relied upon in the preparation of the

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

Turkana County assembly car loan and mortgage staff fund scheme financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, The Fund administrator have assessed the entity's ability to continue as a going concern Nothing has come to the attention of the Fund administrator to indicate that the county assembly 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 29/11/25 2025 and signed on its behalf by:

.....


Clerk/Administrator of the County Public Fund

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY ASSEMBLY (STAFF) CAR AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Turkana County Assembly Car Loan and Mortgage (Staff) Scheme Fund set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Turkana County Assembly Car Loan and Mortgage (Staff) Scheme Fund as at 30 June, 2025 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 Turkana County Assembly Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2023, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracy in Loan Principal Repayments

The statement of cash flows reflects proceeds from loan principal repayments amount of Kshs.26,257,820. However, the supporting schedule discloses an amount of Kshs.23,821,330 resulting to unexplained variance of Kshs.2,436,490.

In the circumstances, the accuracy and completeness of the proceeds from loan principal repayments amount of Kshs.26,257,820 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Turkana County Assembly Car Loan and Mortgage (Staff) 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 my qualified opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the Fund in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Unremitted loan deductions
2	2023/2024	Long outstanding borrowings due from Turkana County Assembly

Other Information

The Management is responsible for the Other Information set out on page iii to xix which comprise of key entity information and management, fund administration committee, management team, fund chairman's report, report of the fund administrator, statement of performance against county fund's predetermined objectives, corporate governance statement, management discussion and analysis, report of the trustees, and statement of management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Delays in Refund of Funds Borrowed by the County Assembly

The statement of financial position reflects current receivables from non-exchange transactions amounting to Kshs.99,148,518 as disclosed in Note 5 to the financial statements. Examination of the receivables schedule provided for audit revealed that the amount relates to borrowings by the Turkana County Assembly that had remained outstanding for more than twelve (12) months. This is contrary to Section 142(3) of the Public Finance Management Act, 2012 which provides that the County Government Entity

that has short term borrowing shall ensure that the money borrowed is repaid within a year from the date at which it was borrowed. In addition, no written agreement was provided for audit to support the commitment to refund the amount borrowed.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Approved Budget

The statement of comparison of budget and actual amounts reflects original expenditure budget of Kshs.75,480 against revenue budget of Kshs.6,616,975. However, the budget estimates approved by the County Assembly Service Board were not provided for audit verification. This was contrary to Regulation 99(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the approved budget estimates of expenditure shall form the basis of the financial statements for the financial year. Further, the statement reflects original budgeted revenue of Kshs.6,616,975 against budgeted expenditure of Kshs.75,480, resulting to a budget surplus of Kshs.6,541,495.

This is contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, (2015) which states that budget revenue and expenditure appropriations should be balanced.

In the circumstances, the regularity and effectiveness of the budget implementation could not be confirmed.

2. Lack of Insurance Cover for Loans Disbursed

The statement of financial position reflects long-term receivables from exchange transactions amounting to Kshs.227,348,829 as disclosed in Note 6 to the financial statements. Review of the loan amortization and the loan disbursement schedule

revealed that insurance charges were deducted from the disbursed loan amounts during loan processing. However, there was no evidence to confirm the loans were insured against risks of defaulting by staff members from causes such as death, fire, disability, resignation or default by the borrower. This is contrary to Regulation 16(1) of the Public Finance Management (County Assembly Staff Mortgage Scheme Fund) Regulations, 2016, which requires every loan granted under the Act to be insured for the benefit of the member of the scheme and the premiums thereof debited to the member of the Fund.

The absence of loan insurance exposes the Fund to potential financial loss, as recovery of outstanding balances in the event of default would be difficult.

3. Lack of Collateral Security for the Loans Disbursed

The statement of financial position reflects long-term receivables from exchange transactions amounting to Kshs.227,348,829 as disclosed in Note 6 to the financial statements. Examination of the long-term loan disbursement schedule revealed that a total of one hundred and six (106) staff members were issued with loans from the Fund. However, review of the loan supporting documents and loan application forms provided revealed there was no collateral or security charged on the property as a loan guarantee and thereby exposing the Fund to a high risk of non-recovery in the event of borrower default. This is contrary to Regulation 15(1) of the Public Finance Management (County Assembly Staff Mortgage Scheme Fund) Regulations, 2016, which requires that the board of the Fund to have a charge on the property financed through a loan granted under the Regulations, and shall be entitled to have its name entered in all documents of title for such property.

The lack of security exposes the Fund to risk, as in the event of member default, it would be difficult or impossible to recover the outstanding loan amounts, resulting to financial losses.

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

Responsibilities of the Management and the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

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 of 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

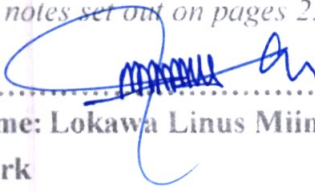
Nairobi

10 December, 2025

13. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue From Exchange Transactions			
Interest Income	1	6,616,975	6,691,336.00
Total Revenue		6,616,975.32	6,691,336.00
Expenses			
Use of goods and services	2	75,000.00	245,000.00
Finance Costs	3	480	1,560.00
Total Expenses		75,480.00	246,560.00
Surplus/(Deficit) for the Period		6,541,495	6,444,776

(The notes set out on pages 22 to 42 form an integral part of these Financial Statements)


 Name: Lokawa Linus Miinyan
 Clerk

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

14. Statement of Financial Position As at 30 June 2025

n	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Cash Equivalents amended	4	13,031,273	4,655,918.10
Receivables From Exchange Transactions			0
Receivables From Non-Exchange Transactions (Due from Turkana Assembly)	5	99,148,518.00	98,181,169.00
Current assets		112,179,791	102,837,087.10
Non-current Assets			
Receivables from Exchange Transactions	6	227,348,829	230,150,038.00
Current assets		227,348,829	230,150,038
Assets (A)		339,528,620	332,987,125
Liabilities			
Liabilities (B)		0	0
Liabilities (B)		-	0
Assets (A-B)		339,528,620	332,987,125
Approved By:			
Fund		312,857,000	312,857,000.00
Unallocated Surplus		26,671,620	20,130,126
		339,528,620	332,987,125

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 _____ 2025 and signed by:





Lokawa Linus Miinyan Lokwang James Francis Ekai Lochuch
 Administrator of the Fund Fund Accountant Director Finance

TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	312,857,000	-	13,685,349	326,542,349
Surplus/(Deficit) For the Period	-	-	6,444,776	6,444,776.00
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	312,857,000.00	0	20,130,125	332,987,126
Balance As At 1 July 2024	312,857,000.00	-	20,130,125	332,987,126
Surplus/(Deficit) For the Period	-	-	6,541,495	6,540,221
Funds Received During the Year	-	-	-	-
Transfers	-	-	(-)	-
Prior year adjustment				
Revaluation Gain	-	-	-	-
Balance As At 30 June (FY 2024/2025)	312,857,000.00	-	26,671,620	339,528,620

TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE SCHEME (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received	1	6,616,975	6,691,336
Total receipts		6,616,975	6,691,336
Payments			
Fund administration expenses	2	75,000	245,000
Finance cost	3	480	1,560
Net cash flows from operating activities		6,541,495	6,444,776
Cash flows from investing activities			
Proceeds from loan principal repayments		26,257,820	22,387,917
Loan disbursements paid out		24,130,000	23,980,000
Net cash flows used in investing activities		2,127,820	1,592,083
Cash flows from financing activities			
Proceeds from revolving fund receipts		293,960	262,034
Repayment of borrowings		-	3,000,000
Net cash flows used in financing activities		293,960	3,262,034
Net increase/(decrease) in cash & cash equivalents		8,375,355	1,590,659
Equivalents			
Cash and cash equivalents at 1 July 2024/2025		4,655,918	3,065,259
Cash and cash equivalents at 30 June 2025		13,031,273	4,655,918

TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
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17. Statement Of Comparison Of Budget And Actual Amounts For The Year ended June 30 2025.

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						
Interest Income	6,616,975	-	6,616,975	6,616,975	00	100%
Other Income	-	-	-	-	-	
Total Income	6,616,975	(-)	6,616,975	6,616,975	00	
Expenses						
Fund Administration Expenses	75,000.00	-	75,000.00	75,000.00	00	100%
General Expenses	-	(-)	-	-		
Finance Cost	480.00	(-)	480.00	480.00	00	100%
Total Expenditure	75,480.00	(-)	75,480.00	75,480.00	00	100%
Surplus For the Period	6,541,495	-	6,541,495	6,541,495	00	100%
Capital expenditure	00	-	00	-	-	

18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Turkana County Assembly Car loan and mortgage fund scheme is established by and derives its authority and accountability from Turkana County Assembly car Loan (staff) scheme Fund regulations, 2016 Act on 11th March 2016. The Turkana County Assembly Car loan and mortgage fund scheme is wholly owned by the Turkana County Assembly and is domiciled in Kenya. The entity's principal activity is legislation, oversight, and representation.

3. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the county assembly accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

4. 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 2025.*

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

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

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

TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
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	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.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year ending June 2024.

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

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
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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 the Current FY 2024/2025 was approved by the County Assembly on 26/6/2024. 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 to conclude the final budget. The Entity recorded additional appropriations of 5,324,384.50 on the FY 2024/2025 budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

a) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the county assembly operates and generates taxable income. Current

TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025

income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Turkana County Assembly Car loan and mortgage fund scheme and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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. Transfers are made to or from investment property only when there is a change in use.

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 has been presented under section note 17 page 5 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.

c) Leases

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the county assembly. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The county assembly also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the county assembly will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Entity*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

d) Intangible assets

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

e) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the county assembly county assembly can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
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Summary of Significant Accounting Policies (Continued)

a) 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. 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.

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.

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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 an irrevocable election at initial recognition for particular investments in equity instruments.

b) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or 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,

TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025

or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of Turkana County Assembly.

c) Provisions

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

d) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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Summary of Significant Accounting Policies (Continued)

e) 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.

f) Nature and purpose of reserves

The Entity is yet to create and maintain reserves in terms of specific requirements

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.

g) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

h) 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.

i) 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.

j) Related parties

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

k) Cash and cash equivalents

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

l) Comparative figures

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

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Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
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6. Notes To The Financial Statements Continued

1. Interest income

Description	FY 2024/2025	FY2023/2024
	Kshs	Kshs
Interest Income from Mortgage Loans	6,616,975	6,691,335.99
Total Interest Income	6,616,975	6,691,335.99

(Provide brief explanation for this revenue)

2. Use of goods and services

Description	FY 2024/2025	FY2023/2024
	Kshs.	Kshs.
Committee Allowances	75,000.00	245,000.00
Total	75,000.00	246,000.00

3. Bank Charges

Description	FY 2024/2025	FY 2023/2025
	Kshs	Kshs
Bank Charges	480.00	1,560.00
Total	480.00	1,560.00

4. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
TCA Car Loan and Mortgage Account	13,031,273	4,655,918.10
Total Cash And Cash Equivalents	13,031,273	4,655,918.10

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Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank		-	-
Co-operative Bank Lodwar Branch	01141591530501	13,031,273	74,001
Sub- Total			74,001
b) Others(Specify)			
Cash In Transit		-	-
Cash In Hand			4,584,916
Sub- Total			
Grand Total		13,031,273	4,655,918

5.Receivables from Non- exchange transaction

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Receivables		
Interest Receivable		0
Current Loan Repayments Due from non-exchange transactions	99,148,518	98,181,169
Total Current Receivables	99,148,518	98,181,169

6.Receivables from Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Long Term Loan Repayments Due	227,348,829	230,150,038
Total Non- Current Receivables		
Total Receivables From Exchange Transactions	326,497,347	236,841,373.99

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY 2024/2025	FY 2023/2024
	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	-	-

TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025

Notes To The Financial Statements (Continued)

5. Borrowings

Description	FY 2024/2025	FY 2023/2024
	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 2024/2025	FY 2023/2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	FY 2024/2025	FY 2023/2024
	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)

Notes To The Financial Statements (Continued)

6. 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.

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 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.

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (FY 2024/25)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (FY 2023/2024)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

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 (Current FY)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
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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 2024/2025)			
Euro	10%	-	-
USD	10%	-	-
(FY 2023/2024)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

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 2024/2025	FY 2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	312,857,000	312,857,000
Accumulated surplus	26,671,620	20,130,126
Total funds	339,528,620	332,987,126
Total borrowings by TCA	99,148,518	98,181,169.00
Less: cash and bank balances	-13,031,273	-4,655,918.00
Net debt/(excess cash and cash equivalents)	425,645,865	426,512,377

7. Events after the reporting period

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

8. Ultimate and Holding Entity

The Turkana county Assembly car loan and mortgage scheme fund (staff) is established by and derives its authority and accountability from Turkana County Assembly Car Loan and mortgage scheme Fund (staff) regulations, 2016 Act on 16th June 2016. The fund is wholly owned by the county assembly of Turkana and is domiciled in the Republic of Kenya.

9. Currency

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

**TURKANA COUNTY ASSEMBLY-CAR LOAN AND MORTGAGE FUND (STAFF)
Annual Report and Financial Statements for the year ended June 30, 2025**

19. 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)
1	Long outstanding borrowing due from Turkana county assembly	The management will include the amounts borrowed in the supplementary budget of FY2025/2026	Not Resolved	30 th June 2026
2	Unremitted loan deductions	The management will include the amounts borrowed in the supplementary budget of FY2025/2026	Not resolved	30 th June 2026

Guidance Notes:

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

Fund Accounting Officer (The Clerk of the County Assembly)

Date.....

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Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary Fund]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Fund]</i> as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 th June 2025				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name **Sign** **Date**

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Annex III: Reporting of Climate Relevant Expenditures

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

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Annex IV: Reporting on Disaster Management Expenditure

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