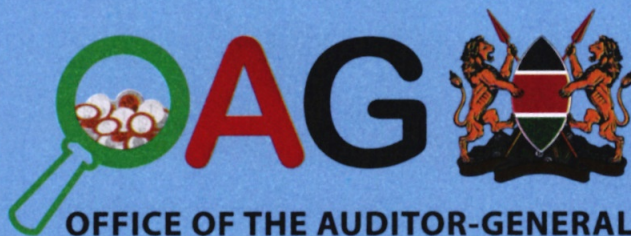


REPUBLIC OF KENYA



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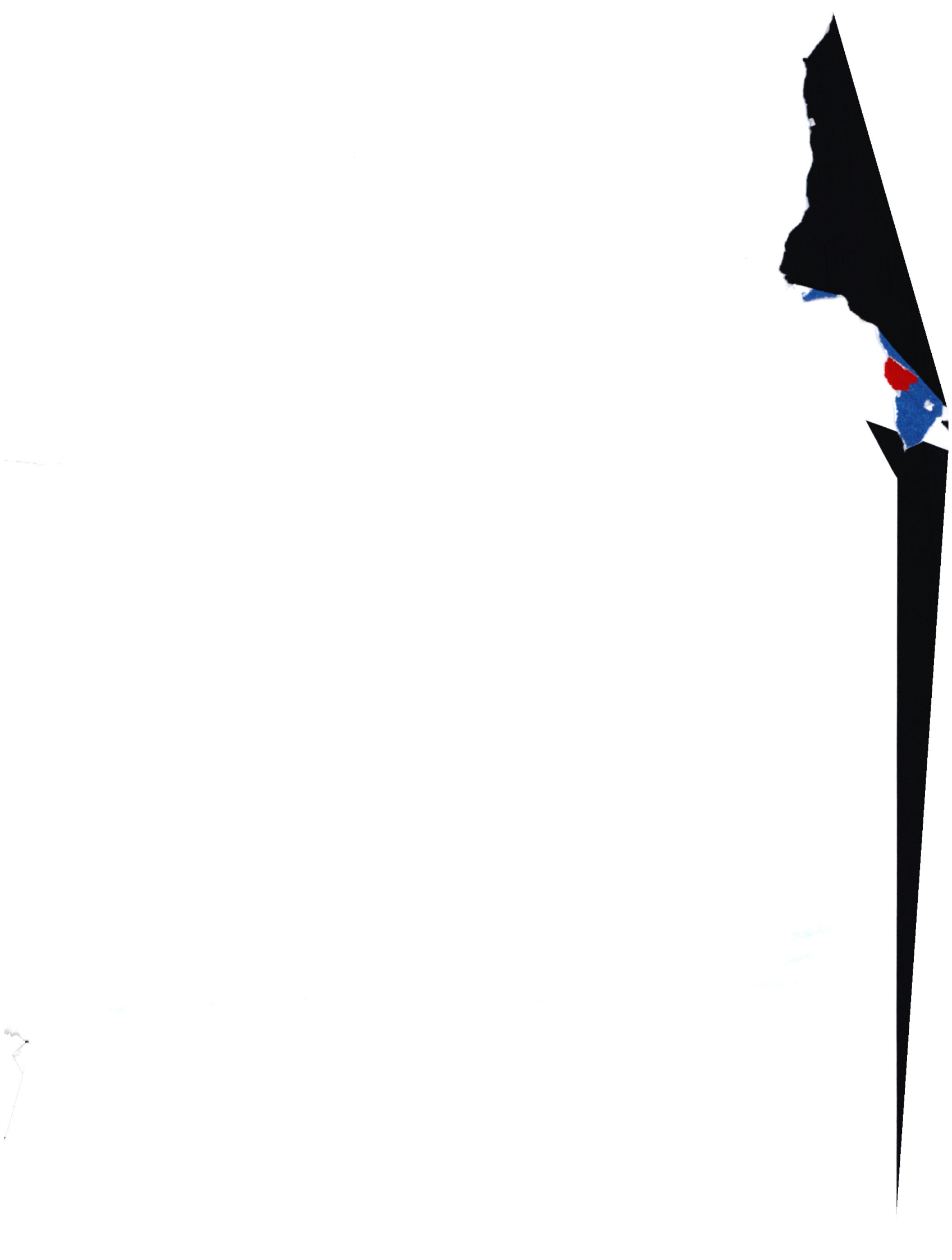
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THE AUDITOR-GENERAL

ON

LAIKIPIA COUNTY STATE AND PUBLIC
OFFICERS CAR LOAN AND MORTGAGE
SCHEME FUND

FOR THE YEAR ENDED
30 JUNE, 2023





OFFICE OF THE AUDITOR GENERAL
UPPER EASTERN REGIONAL OFFICE - ISIOLO

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COUNTY GOVERNMENT OF LAIKIPIA

**LAIKIPIA COUNTY EXECUTIVE STATE AND PUBLIC OFFICERS CAR
LOAN AND MORTGAGE SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

157

Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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
FY	Financial Year
CECM	County Executive Committee Member

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

2. Key Entity Information and Management

a) Background information

Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance Management Act No. 18 of 2012(Public Finance Management (Laikipia County Executive State and Public Officer Car Loan and Mortgage Scheme Fund) Regulations 2021). The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The objects and purpose of the fund is to provide car loans and mortgages for successful applicants under the regulations and to give effect to employees' benefits in relation to car loans and mortgage facility as provided for by the salaries and remuneration commission.

Principal Activities

The Fund's principal activity is to grant car loans and mortgages to the County state and public officers for purposes of purchase, development, renovation or repair of residential property for use of an applicant and his or her family.

b) Fund Administration Committee

No.	Designation	Name
1	Chairperson - County Secretary	Koinange Wahome
2	Fund Administrator	Daniel Kingori Ngumi
3	Member - County Attorney	Alexander Muchemi Muthee
4	Member - Payroll Manager	Shadrack Mwithalii M'ituuru

c) Key Management

No.	Designation	Name
1	Fund Administrator	Daniel Kingori Ngumi
2	Fund Accountant	Emily Njeri Mwangi

d) Fiduciary Oversight Arrangements

Ref	Position	Title
1	County Assembly of Laikipia	Clerk to the County Assembly
2	Directorate of Internal Audit	Head of Internal Audit
3	Office of the Controller of Budget	Controller of Budget
4	Office of the Auditor General	Auditor General

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

e) Registered Offices

P.O. Box 1271-10400
County Building, Kenyatta Highway
Nanyuki, KENYA

f) Fund Contacts

Telephone: (254) 0202352720
E-mail: reports.treasury@laikipia.go.ke
Website: www.laikipia.go.ke

g) Fund Bankers

Co-operative Bank
Nanyuki, Kenya

h) Independent Auditors

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

i) Principal Legal Adviser


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

j) County Attorney




The County Attorney
County Government of Laikipia
P.O. Box 1271-10400,
Nanyuki, Kenya

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

3. Fund Management Committee

Name	Details of qualifications and experience
<p>1.Koinange Wahome</p> 	<p>Born in 1978</p> <p>Mr.Koinange Wahome is the County Secretary and the Chairman to the fund.</p> <p>He is a dedicated public servant and design thinker with an unwavering commitment to resolving social complexities and on going human problems through active citizen engagement, empathetic redress, and unending support for the formation of inspired teams.</p> <p>He has extensive experience in Public Safety Administration, Trade Policy Development, Human Enterprise Management, Diplomacy, Best Practices in International Relations, Public Finance Policy, and Community Development.</p> <p>Mr. Koinange holds a Master's Degree in International Relations and Diplomacy among other academic and professional qualifications. He has a distinguished public service record in Kenya's disciplined forces, as well as private consultancies in Diplomacy, Public Safety Administration, Technology-Aided Security Surveillance, Logistics and International Trade.</p>
<p>2.Daniel Kingori Ngumi</p> 	<p>Born in 1984</p> <p>Mr Daniel Ngumi is the Fund administrator</p> <p>Holds Bachelor's Degree in Economics and Public Administration and Master's Degree in Accounting and Finance and is a CPA(K)</p> <p>Currently the Chief Officer for Finance and County Treasury. Has previously worked with National Treasury for six years in various Departments as Chief Accountant; Has also worked with County Government of Laikipia as Head of County Treasury Accounting and County Government of Kiambu as Director of Finance</p>

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

<p>3.Alexander Muchemi Muthee</p> 	<p>Born in 1986</p> <p>Mr. Alexander Muchemi is the County Attorney. He holds a Bachelor's Degree in Law from Moi University and a Post Graduate in The Kenya School of Law Advocates Training Program (ATP). He was a lecturer with experience in lecturing Commercial Law at Cooperative University College. He has marketing experience was in charge of marketing in Nyahururu region. Currently he is a legal advisor to the County Executive Committee (Chaired by His Excellency the Governor of Laikipia)</p>
<p>4.Rachael Wambui Thumbi</p> 	<p>Born in 1992</p> <p>She holds a Bachelor of Laws(LLB)(Hons)-University of Nairobi, Post graduate diploma in Law, Kenya School of Law and Company Secretary(CPS-K)</p> <p>She is an Advocate of the High Court of Kenya with over 5 years' experience in litigation, a Certified Public Secretary with proven track record in demanding environments. Highly skilled in commercial law and in particularly contract drafting, corporate structuring, compliance with legal and regulatory requirements, emerging trends and providing legal advice within the County departments. She has previously been in private practice and worked in various reputable Law Firms. She is currently the Head of Litigation at the County Attorney's office.</p>
<p>5.Emily Njeri Mwangi</p> 	<p>Born in 1981</p> <p>She holds Bachelor's Degree in Business Management - Finance Option</p> <p>She is a Certified Public Accountant of Kenya (CPA -K). She is the accountant in charge of the department of County Administration and Public service.</p>

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Shadrack Mwithalii M'ituuru



Born in 1968



He holds a Bachelor of Science Degree in Natural Resource Management and a CPS Part 1 and 2.

He also holds a Post-graduate diploma in Project Management. He has a working experience of 10 years in the Laikipia County Payroll Office.




He is currently the county payroll manager.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Management Team

Name	Details of qualifications and experience
<p>1. Koinange Wahome</p> 	<p>Born in 1978</p> <p>Mr.Koinange Wahome is the County Secretary and the Chairman to the fund.</p> <p>He is a dedicated public servant and design thinker with an unwavering commitment to resolving social complexities and on-going human problems through active citizen engagement, empathetic redress, and unending support for the formation of inspired teams.</p> <p>He has extensive experience in Public Safety Administration, Trade Policy Development, Human Enterprise Management, Diplomacy, Best Practices in International Relations, Public Finance Policy, and Community Development.</p> <p>Mr. Koinange holds a Master's Degree in International Relations and Diplomacy among other academic and professional qualifications. He has a distinguished public service record in Kenya's disciplined forces, as well as private consultancies in Diplomacy, Public Safety Administration, Technology-Aided Security Surveillance, Logistics and International Trade.</p>
<p>2. Daniel Kingori Ngumi</p> 	<p>Born in 1984</p> <p>Mr Daniel Ngumi is the Fund administrator. Holds Bachelor's Degree in Economics and Public Administration and Master's Degree in Accounting and Finance and is a CPA(K)</p> <p>Currently the Chief Officer for Finance and County Treasury. Has previously worked with National Treasury for six years in various Departments as Chief Accountant; Has also worked with County Government of Laikipia as Head of County Treasury Accounting and County Government of Kiambu as Director of Finance</p>

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

<p>3.Alexander Muchemi Muthee</p> 	<p>Born in 1986</p> <p>Mr. Alexander Muchemi is the County Attorney He holds a Bachelor’s Degree in Law from Moi University and a Post Graduate in The Kenya School of Law Advocates Training Program (ATP). He was a lecturer with experience in lecturing Commercial Law at Cooperative University College. He has marketing experience was in charge of marketing in Nyahururu region. Currently he is a legal advisor to the County Executive Committee (Chaired by His Excellency the Governor of Laikipia)</p>
<p>4.Shadrack Mwithalii M’ituuru</p> 	<p>Born in 1968</p> <p>He holds a Bachelor of Science Degree in Natural Resource Management and a CPS Part 1 and 2. He also holds a Post-graduate diploma in Project Management. He has a working experience of 10 years in the Laikipia County Payroll Office. He is currently the county payroll manager.</p>
<p>5..Rachael Wambui Thumbi</p> 	<p>Born in 1992</p> <p>She holds a Bachelor of Laws (LLB)(Hons)-University of Nairobi ,Post graduate diploma in Law, Kenya School of Law and Company Secretary(CPS-K).She is an Advocate of the High Court of Kenya with over 5 years’ experience in litigation, a Certified public secretary with proven track record in demanding environments. Highly skilled in commercial law and in particularly contract drafting, corporate structuring, compliance with legal and regulatory requirements, emerging trends and providing legal advice within the County departments. She has previously being in private practice and worked in various reputable Law Firms. She is currently the Head of Litigation at the County Attorney’s office.</p>

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6.Emily Njeri Mwangi



Born in 1981

She holds Bachelor's Degree in Business Management -Finance Option

She is a Certified Public Accountant of Kenya (CPA -K).

She is the Accountant in charge of the department of County Administration and Public service.

Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Fund Chairperson's Report

Laikipia County Executive Members' Mortgage Scheme Fund was established with an aim of enhancing the county executive members' welfare.

The Laikipia County Car and Mortgage Fund was established by Public Finance Management Act 2012, through enactment of the Public Finance Management (County Executive Member Scheme Fund) Regulations, 2014 and Public Finance Management (County Executive Car Scheme Fund) Regulation, 2014.

The above have since been repealed and amended by the Public Finance Management 2012, and the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations 2021.

Some of the major changes that have been incorporated in the amended regulations include;

i) Members of the scheme to include public officers, who are either on permanent or contract employment with the county executive.

ii) It has provided for the sources of funds to include but not limited to:

- (a) Such monies as may be appropriated by the County Assembly;
- (b) such monies, interest, penalties and any such money under the Laikipia County Executive Members Mortgage (Members) Scheme Fund) and the Laikipia County Executive Members Car Loans Scheme and such monies as may be due and owing thereto;
- (c) funds arranged through agreements between financial institutions and other bodies with the County Government; and
- (d) any interest that may accrue from or to the fund; and
- (e) All other sums of money that may in any manner become payable to or vested in the fund including gifts, grants and donations.

iii) The car loan and mortgage repayment period is no longer limited to a maximum period of 48 months rather, the regulations provide for the period to encompass the employment period and such other as provided for by SRC so long as the loan is repaid in full prior to 2 months and 6 months' termination of contract respectively.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

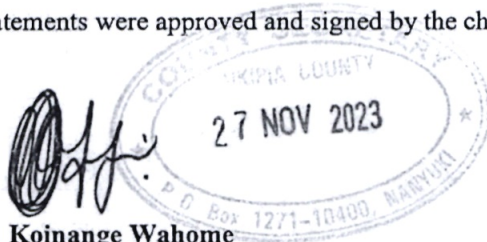
- iv) There is a provision for the requisite documents that should accompany a mortgage or car loan application.
- v) The amendments also include a provision on general clauses and schedules that will guide in the issuance of the car loans and mortgages.

Conclusion.

The new changes were informed by the gaps in the previous legislation and need to be in tandem with the Constitution, Public Finance Management Act and all other enabling legislations, for purposes of ensuring ease in the process of issuing car loan and mortgage facility to state and public officers.

Approval of the financial statements

The Laikipia County State and Public Officers Car Loan and Mortgage Scheme Fund financial Statements were approved and signed by the chairperson of the fund on _____ 2023



Koinange Wahome
Chairperson - Fund Administration committee

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. Report of the Fund Administrator

The Laikipia County State and Public Officers Car Loan and Mortgage Scheme Fund was established by the Public Finance Management Act, 2012 through enactment of the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations 2021.

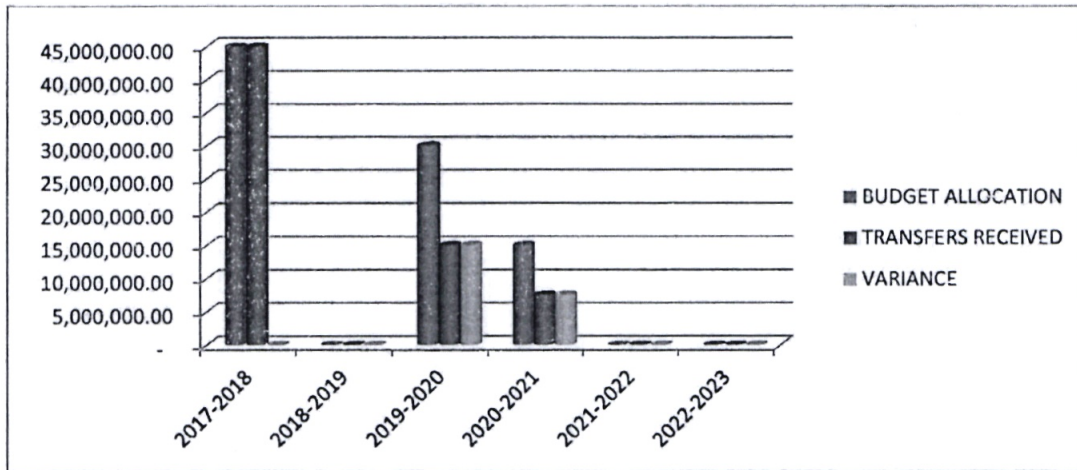
Laikipia County State and Public Officers Car Loan and Mortgage Scheme Fund was created with an aim of enhancing the county executive member's welfare. This has been realised by granting the car and mortgage loans to the members of county executive to enable them achieve the funds objective

- a) The Fund received its funding from the county government of Laikipia and the disbursements are as analysed in the table below.

ANNUAL BUDGET ALLOCATION VS TRANSFERS RECEIVED REPORT (6-YEAR PERIOD)

FY	BUDGET ALLOCATION	TRANSFERS RECEIVED	VARIANCE
	KSHS	KSHS	KSHS
2017-2018	45,000,000	45,000,000	-
2018-2019	-	-	-
2019-2020	30,000,000	15,000,000	15,000,000
2020-2021	15,000,000	7,500,000	7,500,000
2021-2022	-	-	-
2022-2023	-	-	-
Totals	90,000,000	67,500,000	22,500,000

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**



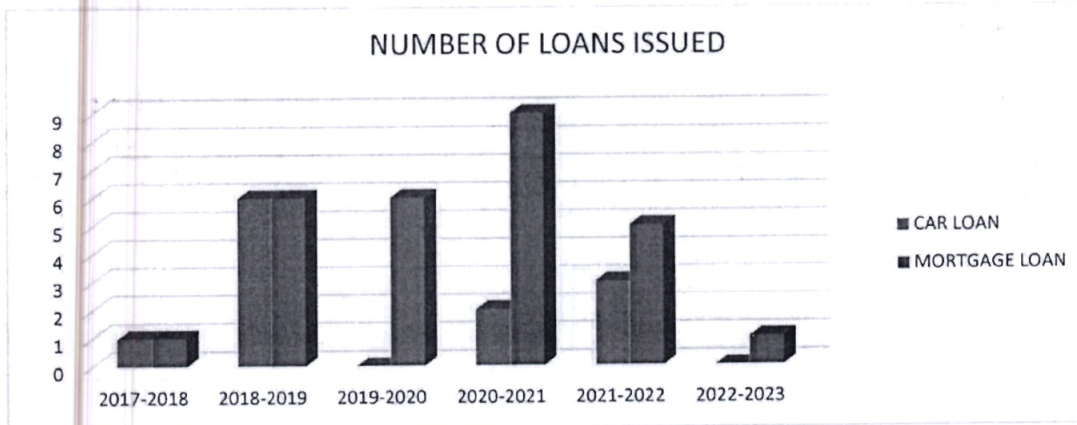
The budget performance for the last six years is as shown above.

(a) The fund has issued both car loans and mortgage as shown in the table below.

NUMBER OF LOANS ISSUED		
PERIOD	CAR LOAN	MORTGAGE LOAN
	NO. ISSUED	NO. ISSUED
2017-2018	1	1
2018-2019	6	6
2019-2020	0	6
2020-2021	2	9
2021-2022	3	5
2022-2023	0	1
Totals	12	28

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Graph representation of the Car and Mortgage loans issued.



(c) The fund has issued more of mortgage loans than the car loans as shown above.

There were no pending loan applications at the closure of the financial year.

(d) The loans issued have benefitted the members by enhancing their welfare.

(e) The budget allocation for the FY 2023/2024 is Ksh.30 million. The funds will be used in issuing car loans and mortgages to state and public officers.

(f) The fund has taken the following key risk management strategies in order to mitigate risk.

- Use of collaterals for loans granted.
- Ensure loans issued are deducted through the county payroll management system.


Daniel Kingori Ngumi
Fund Administrator



**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government 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 objective of the Fund as per the Regulations is to:

- provide car loans and mortgages for successful applicants under the regulations and to give effect to employees' benefits in relation to car loans and mortgage facility as provided for by the salaries and remuneration commission

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of car loans and Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	1 (no.) Number mortgages successfully applied	100% of staff taking Mortgage facilities	During FY 2022/2023 1 (no.) Member of staff accessed the mortgage facility.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

7. Corporate Governance Statement

Under the provision made in the Laikipia County Car and Mortgage Scheme Regulations 2012 Section 116,7(5) that states “the meeting of the Committee shall be convened by the chairperson or in absence of the chairperson, by the vice chairperson, or in the absence of the vice chairperson, by a member designated by the chairperson and shall be convened at such a times as may be necessary for the discharge of its function7(6). The Quorum for a meeting of the committee shall be the chairperson and three members. The following committee meetings were held;

	List of the Management Committee Members	Meeting Date
		30/11/2022
1	Daniel Kingori Ngumi	✓
2	Koinange Wahome	✓
3	Alexander Muchemi	✓
4	Shadrack Mwithalii M’ituuru	✓
5	Emily N. Mwangi	✓
6	Racheal Thumbi	✓

• **Succession Plan**

The fund is governed by the PFM Act 2012 and the Regulations which ensure that the administration of the fund is perpetual succession as defined by Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations 2021.

• **Existence of a Committee charter**

The Loan management committee subscribes to the regulations of the Laikipia county executive state and public officers car loan and mortgage scheme fund.

• **Process of appointment and removal of the committee**

The committee is established under regulations 6(1) of the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations 2021.

• **Roles and functions of the committee**

- a) Consider and approve loan applications presented to it by the fund administrator
- b) Discuss the audit report or any other report relating to the fund
- c) Determine the signatories to the account of the fund in addition to the administering officer.
- d) Supervise day to day operations of the fund
- e) Establish management guidelines of the fund

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

- **Induction and training,**

The committee may conduct trainings to sensitize its members on the operations of the fund as per the PFM Act and the regulations establishing the fund.

- **Conflict of interest,**

The committee members and employees maintain public confidence in the objectivity of their service by preventing and avoiding situations that could give the appearance of a conflict of interest.

- **Committee remuneration,**

The board remunerations and allowances are regulated by Salary and Remuneration Commission circulars that stipulate the allowances to be paid to the committee members.

- **Ethics and conduct as well as governance audit.**

The fund is governed by a loan management committee and is accountable to the CECM –Finance who ensures the adherence to ethical and good conduct to the fund business.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

8. Management Discussion and Analysis

The Laikipia County Car and Mortgage Fund was established by Public Finance Management Act 2012, through enactment of the Public Finance Management (County Executive Member Scheme Fund) Regulations, 2014 and Public Finance Management (County Executive Car Scheme Fund) Regulation, 2014. Both regulations 2014 were later repealed and amended by the Public Finance Management Act, 2012 through enactment of the Public Finance Management (Laikipia County State and public officers' car loan and mortgage Fund (Regulations, 2021) for purposes of ensuring ease of processing of car loans and mortgage facilities to state and public officers.

The Fund was established with the aim of enhancing the County staff's welfare as provided for by the Salaries and Remuneration Commission.

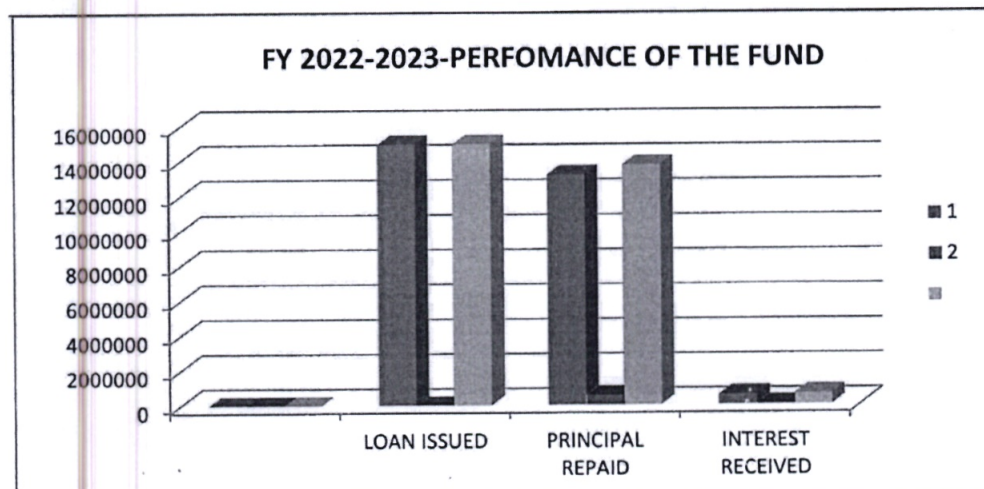
Operational performance

During the FY 2022/2023, the fund disbursed loans amounting to Ksh.15, 000,000 and received kshs.13, 781,934 as repayment of outstanding loans. The Fund received Ksh.630, 854 being interest from loans.

The table below shows the performance during the year.

FY 2022-2023-PERFORMANCE OF THE FUND

S/NO	DETAILS	LOAN ISSUED	PRINCIPAL REPAID	INTEREST RECEIVED
1	MORTGAGE	15,000,000	13,238,049	582,259
2	CAR LOAN	-	543,885	48,595
	TOTAL	15,000,000	13,781,934	630,854



Graphic representation of the performance of the fund in the financial year.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Financial Performance

By the end of FY 2022/2023, the fund cumulative budget allocation was Kshs. 90,000,000 against which kshs.67, 500,000 was received. The outstanding loan at the close of the FY 2022/2023 was kshs.40, 535,091.

ANNUAL BUDGET ALLOCATION VS TRANSFERS RECEIVED REPORT (6-YEAR PERIOD)

FY	BUDGET ALLOCATION	TRANSFERS RECEIVED	VARIANCE
	KSHS	KSHS	KSHS
2017-2018	45,000,000	45,000,000	-
2018-2019	-	-	-
2019-2020	30,000,000	15,000,000	15,000,000
2020-2021	15,000,000	7,500,000	7,500,000
2021-2022	-	-	-
2022-2023	-	-	-
Totals	90,000,000	67,500,000	22,500,000

Non-Performing Loans

The total of non-performing principal loans amounts to Kshs. 15,654,199 which is held by 5 applicants. The county is following up on the payment of defaulted loans.

Risk facing the Fund

The fund is exposed to the risk of default on loans and impairment. However, the risk is mitigated by the fact that recoveries are made through the County Payroll Management System. In some cases, the risks are increased where contracts for members of staff are terminated before they have repaid the loans fully.



Daniel Kingori Ngumi
Fund Administrator

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

9. Environmental and Sustainability Reporting

Due to the nature of the fund, there were no Corporate Social Responsibility activities undertaken during the year.

10. Report of the Trustees

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

Principal activities

The principal activities of the Fund are to provide car loans and mortgages to the state and public officers to enhance their welfare.

Results

The results of the Fund for the year ended June 30, 2023 are set out on pages 1-4


Committee

The members of the loan management committee who served during the year are shown on pages ix to xi above.

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



27 NOV 2023

Koinange Wahome

Chairperson – Fund Administration committee

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Regulations 2021 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.



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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund Regulations 2021. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on _____ 2023 and signed on its behalf by:



Daniel Kingori Ngumi
Fund Administrator

REPUBLIC OF KENYA



Enhancing Accountability

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

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

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY STATE AND PUBLIC OFFICERS CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia County State and Public Officers Car Loan and Mortgage Scheme Fund set out on pages 1 to 28, which comprise

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

In my opinion, 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 Laikipia County State and Public Officers Car Loan and Mortgage Scheme Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations, 2021.

Basis for Qualified Opinion

Unserviced Loans

The statement of financial position and Note 4 to the financial statements reflects receivables from exchange transactions balance of Kshs.40,535,090 which includes a balance of Kshs.16,733,921 in respect of current portion of long-term receivables from exchange transactions and a balance of Kshs.23,801 in respect of long-term receivables from exchange transactions. Included in the balance is outstanding loan totalling to Kshs.14,716,721 for four (4) employees who ceased to be employees of the County Executive in the year 2022. However, the said loans are not being serviced and no explanation was obtained from the management on the same.

In the circumstances, the recoverability of loan balance of Kshs.14,716,721 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the report of the previous year, several issues were raised under Report on Financial Statements. However, although the Management has indicated that some have been resolved, the matters remained unresolved as the Senate and County Assembly are yet to deliberate on the Report for 2021/2022.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Receivables from Exchange Transactions

The statement of financial position and Note 4 to the financial statements reflects receivables from exchange transactions balance of Kshs.40,535,090 which includes a balance of Kshs.16,733,921 in respect of current portion of long-term receivables from exchange transactions and a balance of Kshs.23,801 in respect of long-term receivables from exchange transactions. Review of the records revealed the following:

i. Failure to Charge Prevailing Market Rate of Interest on Uncleared Loans by Former Staff Members

Four (4) employees with outstanding loan balances of Kshs.14,716,721 ceased to be employees of the County Executive in the year 2022. However, at the time of the audit, the loans continued to attract 3% interest rate to-date contrary to Regulation 25(1) of the Public Finance Management (Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund) Regulations, 2021 which states that in cases where the borrower ceases being an employee of the County Government of Laikipia, the borrower shall have a three month period within which they shall clear the loan facility in full failure to which the loan shall revert to the prevailing market rates of interest.

ii. Failure to Insure and Charge Titles and Logbooks

In addition, eight (8) loan facilities issued to five (5) employees totalling to Kshs.17,101,990 were yet to have the security charged in favor of the County contrary to Regulation 10(2) which requires that the log-book of a vehicle subject to a loan from the Fund shall be issued jointly between the County Government of Laikipia and shall be kept in the custody by the County Attorney until the loan is paid in full. Further, contrary to Regulation 19(1), Management did not ensure that the borrowers took out and maintained

a mortgage protection and fire policies with insurance firms approved by the committee and that the cost was paid before disbursements of the Fund and every subsequent year to full payment and debited in the borrowers account.

In the circumstances, the propriety of interest charged and recoverability of the loans disbursed could not be confirmed and Management was in breach of the law.

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

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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Weak Controls Over the Financial Records

The statement of financial position reflects total net assets and liabilities balance of Kshs.52,311,673 while a recomputation of the balances resulted to Kshs.52,311,773 resulting to unexplained variance of Kshs.100 indicating poor checks and balances.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

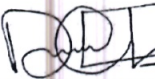
11 January, 2024

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**


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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations		-	-
Transfers From the County Government		-	-
Fines, Penalties and Other Levies		-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	1	630,854	1,392,542
Other Income	1	-	117,570
Total Revenue		630,854	1,510,112
Expenses			
Use of goods and services	2	3,310	127,475
Total Expenses		3,310	127,475
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		627,544	(1,167,363)

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 _____ 2023 and signed by


 Daniel Kingori Ngumi
 Administrator of the Fund
 ICPAK Member Number: 8207






 Emily Njeri Mwangi
 Fund Accountant
 ICPAK Member Number: 12422


**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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13. Statement of Financial Position As at 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	3	11,776,683	12,367,104
Current Portion of Long- Term Receivables From Exchange Transactions	4	16,733,921	39,317,025
Total current assets		28,510,604	51,684,129
Non-Current Assets			
Long Term Receivables from Exchange Transactions	4	23,801,169	
Total non-current assets		23,801,169	
Total Assets		52,311,773	51,684,129
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions		-	-
Payables from non-exchange transactions	5	100	
Total Liabilities		100	-
Net Assets		52,311,673	51,684,129
Revolving Fund		52,600,879	52,600,879
Reserves		-	-
Accumulated Surplus		(289,206)	(916,750)
Total Net Assets and Liabilities		52,311,673	51,684,129

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 _____ 2023 and signed by:



 Daniel Kingori Ngumi
 Administrator of the Fund
 ICPAK Member Number: 8207


 Emily Njeri Mwangi
 Fund Accountant
 ICPAK Member Number: 12422

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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14. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	52,600,879	-	-	52,600,879
Surplus/(Deficit) For the Period	-	-	(1,167,363)	(1,167,363)
Prior year adjustment	-	-	250,613	250,613
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	52,600,879	-	(916,750)	51,684,129
Balance As At 1 July 2022	52,600,879	-	(916,750)	51,684,129
Surplus/(Deficit) For the Period	-	-	627,544	627,544
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	52,600,879	-	(289,206)	52,311,673



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Daniel Kingori Ngumi
 Administrator of the Fund
 ICPAK Member Number: 8207

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Emily Njeri Mwangi
 Fund Accountant
 ICPAK Member Number: 12422

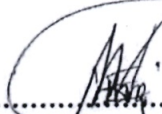
**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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15. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received	1	630,854	1,392,542
Other Income	1	-	117,570
Total receipts		630,854	1,510,112
Payments			
Fund administration expenses		-	-
Use of goods and services	2	3,310	127,475
Transfers to County Government	7	-	2,550,000
Total payments		3,310	2,677,475
Net cash flows from operating activities		627,544	(1,167,363)
Cash flows from investing activities			
Proceeds from loan principal repayments	4	13,781,934	31,088,769
Loan disbursements paid out	4	(15,000,000)	(17,614,937)
Receivables from non-exchange transactions	5	100	-
Net cash flows used in investing activities		(1,217,966)	13,473,832)
Cash flows from financing activities		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(590,421)	12,306,469
Cash and cash equivalents at 1 July 2022	3	12,367,104	60,635
Cash and cash equivalents at 30 June 2023		11,776,683	12,367,104


 Daniel Kingori Ngumi
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 ICPAK Member Number: 8207




 Emily Njeri Mwangi
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**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

16. Statement of Comparison of Budget and Actual Amounts for the Period ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C= (a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.	-	-	-	-	-	
Interest Income	700,000	-	700,000	630,854	69,146	90
Total Income	700,000	-	700,000	630,854	69,146	
Expenses						
Use of goods and services	3,500	-	3,500	3,310	190	95
Finance Cost	-	-	-	-	-	
Total Expenditure	3,500	-	3,500	3,310	190	
Surplus For the Period	696,500	-	696,500	627,544	68,956	



 Daniel Kingori Ngumi
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 ICPAK Member Number: 8207


 Emily Njeri Mwangi
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**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

17. Notes to the Financial Statements

1. General Information

The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya. The entity's principal activity is to grant car loans and mortgages to the County state and public officers.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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Standard	Effective date and impact
	<p>develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p>

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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Standard	Effective date and impact
	<ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <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>

(i) Early adoption of standards

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

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on 29/06/2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget

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

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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.

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) 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.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) 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.

i) 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.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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Summary of Significant Accounting Policies (Continued)

j) 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.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Changes in accounting policies and estimates

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

l) 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.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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Summary of Significant Accounting Policies (Continued)

m) 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.

n) 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.

o) Related parties

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

p) 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.

q) Comparative figures

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

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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6. Notes To The Financial Statements

1. Interest income

Description	FY 2022/23	FY 2021/2022
	Kshs	Kshs
Interest Income from Mortgage Loans	630,854	1,392,542
Erroneous deductions	-	117,570
Total Interest Income	630,854	1,510,112

2. Use of Goods and Services

Description	FY 2022/23	FY 2021/2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Bank Charges	3,310	9,905
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other Expenses	-	117,570
Total	3,310	127,475

3. Cash and cash equivalents

Description	FY 2022/23	FY 2021/2022
	Kshs	Kshs
Laikipia County State and public Officers Car Loan and Mortgage Account	-	-
On – Call Deposits	-	-
Current Account	11,776,683	12,367,104
Others	-	-
Total Cash And Cash Equivalents	11,776,683	12,367,104

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2022/23	FY 2021/2022
		Kshs	Kshs
a) Current Account		-	-
Co-operative bank Account	01141645150100	11,776,683	12,367,104
		-	-
Total		11,776,683	12,367,104

4. Receivables from exchange transactions

Description	FY 2022/23	FY 2021/2022
	Kshs	Kshs
Current Receivables b/d	30,515,856	-
Current loan repayments	(13,781,935)	(31,088,769)
Total Current Receivables	16,733,921	(31,088,769)
Non-Current Receivables		
Balance b/d	8,801,169	52,540,244
New Loans Issued	15,000,000	17,614,937
Total Non-current receivables	23,801,169	70,155,181
Loan adjustment(under/over statement) FY 2020/2021	-	250,613
Total Receivables From Exchange Transactions	40,535,090	39,317,025

5. Receivables from non-exchange transactions

Description	FY 2022/23	FY 2021/2022
	Kshs	Kshs
Loan Overpayment	100	-
Total	100	-

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

6. Cash generated from operations

Description	FY 2022/23	FY 2021/2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	627,644	(1,167,363)
Adjusted For:	-	-
Depreciation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	630,854	1,510,112
Bank charges	(3,310)	(127,475)
Transfers to County Government	-	(2,550,000)
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	627,544	(1,167,363)

**Laikipia County Executive State And Public Officers Car Loan And Mortgage
Scheme Fund**

Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

7. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY 2022/23	FY 2021/2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Other County entities	-	2,550,000
Total	-	2,550,000

Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

8. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	40,535,090	24,880,891	15,654,199	13,781,934
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	11,776,683	-	-	-
Total	52,311,773	24,880,891	15,654,199	13,781,934
At 30 June 2022				
Receivables From Exchange Transactions	39,317,025	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	12,367,104	-	-	-
Total	51,684,129	-	-	-

Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2023

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.

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

Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2023

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)	-	-	-

Lalikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund

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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
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
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.

Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund

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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	FY 2022/23	FY 2021/2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

5. Events after the reporting period

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

6. Ultimate and Holding Entity

The Laikipia County Executive State and public officer's car loan and mortgage scheme Fund were established pursuant to provision of Public Finance Management Act 2012 through enactment of Laikipia County State and public officers' car loan and mortgage Fund (Regulations, 2021) under the Department of County Administration. Its ultimate parent is the County Government of Laikipia.

Currency

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

**Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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18. 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)
OAG/UERO /LKP.CE.S OCLMF//20 21/2022(25)	<p>Unsupported Loan Disbursement</p> <p>The statement of financial position and as disclosed in note 12 reflects a balance of Kshs.39,317,025 in respect to long term receivables from exchange transactions which further includes Kshs.23,971,362 disbursed to staff of the county executive. Included in the amount is a balance of Kshs.17,180,340 disbursed to eight (8) members. However, Ownership documents such as logbooks and title deed for the eight members were not jointly registered between the borrowers and Fund as required under regulations 10 part 1 and 2 of the Laikipia County Executive State and Public Officers car loan and mortgage fund regulations, 2021.</p> <p>In addition, the loans and mortgages granted to members did not have a mortgage protection and fire policies with approved</p>	<p>Most of the loans are now repaid. The management commits in ensuring all the loans issued in future are properly charged and insured in the event of any occurrences or eventualities.</p>	Partially resolved	

Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2023

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)
	<p>insurance firm as required under regulation 19(1) of the Laikipia county executive state and public officers car loan and mortgage fund regulations,2021. Lack of these documents exposes the mortgage scheme to loss of funds in the event of any occurrences or eventualities. In the circumstance, the propriety of loans amounting to balance of Kshs. 23,971,362 disbursed to staff of the county executive could not be confirmed.</p>			
<p>OAG/UERO /LKP.CE.S OCLMF//20 21/2022(25)</p>	<p>Lack of debt management and bad debt policies</p> <p>The statement of financial position as at 30th June 2022 and as reflected in Note 12 to the financial statements reflects long term receivables from exchange transactions of Kshs.39,317,025.However,the Fund did not have a debt management policy, or a policy on provision for bad debts.</p> <p>In the circumstances, it has not been possible confirm that all loans issued are properly secured to cushion the scheme against financial loss in case of default in repayment.</p>	<p>The management is in the process of developing the Debt Management policy.</p>	<p>Resolved</p>	

**Laikipia County Executive State And Public Officers Car Loan And Mortgage
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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)
OAG/UERO /LKP.CE.S OCLMF//20 21/2022(25)	<p>Statement of Changes in Net assets</p> <p>The statement of changes in net assets reflects Kshs. 52,600,879 and Kshs. 51,684,129 in respect of total net assets as at 30 June, 2022 respectively. However, the movement for the year which includes deficit for the year and adjustment balance brought forward of ksh. (1,167,363) and Kshs.250,613 are not included in the totals column.</p> <p>In the circumstances, the accuracy and completeness of changes in net assets could not be confirmed.</p>	This error was acknowledged and the financial statements amended accordingly.	Resolved	



Daniel Kingori Ngumi
Fund Administrator

Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund
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Annex II: Inter-Fund Confirmation Letter

Confirmation of amounts received by Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (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 Mary W. Wachuri Sign for [Signature] Date

There was no inter-entities fund transfer.

**Laikipia County Executive State And Public Officers Car Loan And Mortgage
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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		

There was no Climate Relevant Expenditures.

Laikipia County Executive State And Public Officers Car Loan And Mortgage Scheme Fund

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Annex IV: Reporting on Disaster Management Expenditure

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

There was no Disaster Management Expenditure.